

and used by the United States forces during the late war—to the Committee on War Claims.

Also, a bill (H. R. 3840) authorizing the heirs of Benjamin Lillard, of Tennessee, to present their claims to the Court of Claims—to the Committee on War Claims.

Also, a bill (H. R. 3841) to pay the heirs of Benjamin Lillard, of Tennessee, for property lost, destroyed, taken, and used by the United States forces during the late war—to the Committee on War Claims.

By Mr. RIDGELY: A bill (H. R. 3842) granting a pension to Jacob Marietta—to the Committee on Invalid Pensions.

By Mr. SHAFROTH: A bill (H. R. 3843) granting an increase of pension to Mrs. Cornelia I. Skiles—to the Committee on Invalid Pensions.

Also, a bill (H. R. 3844) for the relief of Sarah R. Dresser—to the Committee on Indian Affairs.

Also, a bill (H. R. 3845) granting a pension to George D. Noble—to the Committee on Pensions.

By Mr. SIMPSON of Kansas: A bill (H. R. 3846) for the relief of James George—to the Committee on Military Affairs.

Also, a bill (H. R. 3847) for the relief of Morton A. Pratt—to the Committee on Invalid Pensions.

Also, a bill (H. R. 3848) granting a pension to Alexander Rinehart—to the Committee on Invalid Pensions.

Also, a bill (H. R. 3849) granting a pension to John J. Ryan—to the Committee on Invalid Pensions.

Also, a bill (H. R. 3850) granting a pension to John D. Kirkpatrick—to the Committee on Invalid Pensions.

Also, a bill (H. R. 3851) granting a pension to Clara Matilda Bain—to the Committee on Invalid Pensions.

Also, a bill (H. R. 3852) for the relief of Thomas Guthrie—to the Committee on War Claims.

Also, a bill (H. R. 3853) granting a pension to Michael Lochard—to the Committee on Invalid Pensions.

By Mr. VEHSLEGE: A bill (H. R. 3854) to correct the military record of Henry Gallagher—to the Committee on Military Affairs.

By Mr. HOWARD of Alabama: A bill (H. R. 3855) granting pensions to certain companies of scouts and guides who served with the Federal forces during the war of the rebellion—to the Committee on Invalid Pensions.

By Mr. KNOX: A bill (H. R. 3857) granting a pension to Rhoda Chick—to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, the following petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. BELKNAP: Resolutions adopted by the Lumbermen's Association of Chicago, Ill., in relation to the duty on lumber—to the Committee on Ways and Means.

By Mr. BUTLER: Petitions of Harry B. Hughes and others, M. S. Hartman and others, M. Y. Pusey and others, all citizens of Chester County, Pa., favoring a more rigid restriction of immigration—to the Committee on Immigration and Naturalization.

By Mr. ERMENTROUT: Memorial of the Cigar Makers' Union No. 91, of Allentown, Pa., protesting against increasing the duty on wrappers and fillers—to the Committee on Ways and Means.

By Mr. FENTON: Petition of M. E. Spriggs and other citizens of Portsmouth, Ohio, favoring a pension to William Ellis, to accompany House bill No. 3756—to the Committee on Invalid Pensions.

SENATE.

SATURDAY, July 17, 1897.

The Senate met at 12 o'clock m.

Prayer by Rev. J. FRED HEISSE, of the city of Washington.

The VICE-PRESIDENT. The Secretary will read the Journal of yesterday's proceedings.

Mr. QUAY. Mr. President, I suggest that there is not a quorum of the Senate present.

The VICE-PRESIDENT. The Senator from Pennsylvania suggests that a quorum of the Senate is not present. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Baker,	Gallinger,	Morrill,	Stewart,
Bate,	Gear,	Nelson,	Teller,
Berry,	Hale,	Pasco,	Thurston,
Butler,	Hanna,	Perkins,	Turner,
Carter,	Harris,	Pettigrew,	Turpie,
Chandler,	Hawley,	Pettus,	Vest,
Clay,	Jones, Ark.	Pritchard,	Walthall,
Callom,	McEnery,	Quay,	White.
Daniel,	Mallory,	Rawlins,	
Deboe,	Mills,	Shoup,	
Fairbanks,	Morgan,	Spooner,	

The VICE-PRESIDENT. Forty-one Senators have answered to their names. A quorum is not present.

Mr. JONES of Arkansas. I move that the Sergeant-at-Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE-PRESIDENT. The Sergeant-at-Arms will execute the order of the Senate.

After a little delay, Mr. DAVIS, Mr. CHILTON, Mr. ALLISON, Mr. BURROWS, and Mr. PLATT of Connecticut entered the Chamber and answered to their names.

The VICE-PRESIDENT. Forty-six Senators have answered to their names. A quorum is present. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. W. J. BROWNING, its Chief Clerk, announced that the House had receded from its disagreement to the amendments of the Senate numbered 88, 90, and 98 to the bill (H. R. 13) making appropriations to supply deficiencies in the appropriations for the fiscal year ending June 30, 1897, and for prior years, and for other purposes, and agreed to the same; insists upon its disagreement to the amendments of the Senate numbered 6, 56, 152, 153, and 182; agrees to the further conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. CANNON, Mr. NORTHWAY, and Mr. SAYERS managers at the further conference on the part of the House.

ORDER OF BUSINESS.

Mr. CARTER. I move that the Senate proceed to the consideration of executive business.

Mr. GALLINGER. Will the Senator suspend, in order to allow me to introduce a bill for reference to the Committee on the District of Columbia?

Mr. CARTER. I yield for strictly routine business.

The VICE-PRESIDENT. The Chair suggests to the Senator from Montana that the Journal of yesterday's proceedings has not been read.

Mr. GALLINGER. I ask that the reading of the Journal be dispensed with.

The VICE-PRESIDENT. Is unanimous consent given? It is. That will be the order.

PETITIONS AND MEMORIALS.

Mr. PROCTOR presented the memorial of B. O. Aiken and 119 other citizens of Vermont and the memorial of Josiah Grout and sundry other citizens of Vermont, remonstrating against the enactment of legislation intended to destroy the present system of ticket brokerage; which were referred to the Committee on Interstate Commerce.

Mr. DANIEL presented the memorial of Dr. J. V. Wellford, Dr. Landon B. Edwards, Dr. H. H. Levy, Dr. J. N. Upshur, and Dr. Mark W. Keyser, representing the Richmond (Va.) Academy of Medicine and Surgery, remonstrating against the passage of Senate bill No. 1063, for the further prevention of cruelty to animals in the District of Columbia; which was ordered to lie on the table.

Mr. HANNA presented the memorial of James A. Rice and 388 other citizens of Ohio, remonstrating against the enactment of legislation intended to destroy the present system of ticket brokerage; which was referred to the Committee on Interstate Commerce.

Mr. PASCO presented a resolution adopted by the Medical Society of Pensacola, Fla., favoring the passage of Senate bill No. 2343, to create an executive department to be known as the department of public health, and to prescribe the duties and powers thereof; which was referred to the Committee on Public Health and National Quarantine.

REPORTS OF COMMITTEES.

Mr. PERKINS, from the Committee on Education and Labor, to whom was referred the bill (S. 2253) authorizing the appointment of a nonpartisan commission to collate information and to consider and recommend legislation to meet the problems presented by labor, agriculture, and capital, reported it without amendment, and submitted a report thereon.

Mr. HANNA, from the Committee on Pensions, to whom was referred the bill (S. 2377) granting a pension to Rachael Kern, reported it without amendment, and submitted a report thereon.

REFERENCE OF CLAIMS TO THE COURT OF CLAIMS.

Mr. TELLER, from the Committee on Claims, reported the following resolution; which was considered by unanimous consent, and agreed to:

Resolved by the Senate of the United States of America. That the bills (S. 1352, 1764, 1891, 1911, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943) for the relief of Joseph Ruohs, Sarah G. Clark, Jacob Mann, Mary E. Buckley, O. H. P. Wayne, John J. Lowery, John C. Gillespie, Richard W. Corbin, John Deady, Josiah J. Bryan, William L. Dugger, William L. Dugger, and Daniel Kaylor be, and they are hereby, transmitted to the Court of Claims to find and report the facts in each case, as provided by section 14 of an act "to provide for bringing suits against the Government of the United States," approved March 3, 1887.

Mr. TELLER, from the Committee on Claims, reported the

following resolution; which was considered by unanimous consent, and agreed to:

Resolved. That the following bills, S. 985, 984, 1325, 1456, 1553, 1636, 1767, 1961, 2056, 2082, 2203, 2271, 2273, 2276, 2277, 2278, 2370, 2373, and 2372, for the relief of Mrs. J. K. Benjamin, Mr. and Mrs. J. T. Strother, Mrs. Oziene Boudreau, William G. Cochrane, G. A. Le More & Co., Richard Higgins, H. M. Baker, M. V. Maddux, Samuel Evans, A. B. Pharr, L. Tanner, E. R. Allen, A. Donato, Mrs. Mary C. Daigre, H. Christien, J. E. Brennan, Charles Baker, and Nathaniel F. Cheairs, be, and the same are hereby, referred to the Court of Claims, together with all the accompanying papers, under the provisions of the act of Congress "to provide for the bringing of suits against the Government of the United States," approved March 3, 1887.

Mr. TELLER, from the Committee on Claims, reported the following resolution; which was considered by unanimous consent, and agreed to:

Resolved by the Senate of the United States of America. That the bills (S. 1502, 1503, 1635, 1642, 1643, 1644, 1646, 1647, 1855, 2078, 2081, 2270) for the relief of C. S. Lobdell, Sarah E. Norton, M. T. Pollan, J. J. Galtney, Margaret B. Raiford, William Whitaker, C. O. Spencer, A. O. Cannon, N. E. Perkins, administrator, John Morrison, S. N. White, and J. J. Bailey be, and they are hereby, transmitted to the Court of Claims to find and report the facts in each case as provided by section 14 of an act "to provide for bringing suits against the Government of the United States," approved March 3, 1887.

BILLS INTRODUCED.

Mr. GALLINGER introduced a bill (S. 2401) to provide for widening the Aqueduct Bridge and laying thereon a single-track street railway, and for other purposes; which was read twice by its title, and referred to the Committee on the District of Columbia.

Mr. DANIEL introduced a bill (S. 2402) for the relief of the Winchester and Potomac Railroad Company; which was read twice by its title, and referred to the Committee on Claims.

Mr. McBRIDE introduced a joint resolution (S. R. 63) providing for examination of the harbor of Astoria, Oreg., and an estimate of the cost of its improvement; which was read twice by its title, and referred to the Committee on Commerce.

EXECUTIVE SESSION.

Mr. CARTER. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After two hours and twenty minutes spent in executive session the doors were reopened.

AGREEMENT WITH CHOCTAW AND CHICKASAW INDIANS.

The VICE-PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting certain papers in connection with an agreement between the commissioners of the United States to negotiate with the Five Civilized Tribes and the commissioners on the part of the Choctaw and Chickasaw Indians, concluded April 23, 1897; which, with the accompanying papers, was referred to the Committee on Indian Affairs, and ordered to be printed.

COURTS IN INDIAN TERRITORY.

Mr. JONES of Arkansas. I ask unanimous consent that the regular order of business may be informally laid aside, to enable me to submit a report from the Committee on Indian Affairs.

The VICE-PRESIDENT. That course will be taken, in the absence of objection.

Mr. JONES of Arkansas. I am instructed by the Committee on Indian Affairs, to whom was referred the bill (S. 2365) to amend the Indian appropriation act of June 7, 1897, and for other purposes, to report it favorably and without amendment. I ask unanimous consent of the Senate that the bill may be considered at this time.

The Indian appropriation act, which went into effect the 1st day of the present month, for the next twelve months, provides for the transfer of jurisdiction of all the Indian courts to the United States courts, to take effect on the 1st day of January next.

The Choctaw and Chickasaw nations, subsequent to that time, made an agreement with the Government of the United States which will materially modify the condition of affairs as they existed at the time of the approval of the act. This bill simply provides that, as to the Choctaw and Chickasaw nations, the transfer of jurisdiction shall not take place until the 1st of June of next year, unless in the meantime the agreement shall be ratified.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Arkansas?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 2365) to amend the Indian appropriation act of June 7, 1897, and for other purposes.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

UNION PACIFIC RAILROAD.

Mr. MORGAN. I ask that the regular order may be laid before the Senate.

The Senate resumed the consideration of resolution No. 125, reported by Mr. HARRIS from the Committee on Pacific Railroads, declaring it to be the sense of the Senate that the President should direct the Secretary of the Treasury to carry out the provisions of the act approved March 3, 1887, by clearing off by payment the paramount liens, mortgages, etc., on the Union Pacific Railroad,

and to take steps to foreclose any mortgage or lien of the United States on any of said railroad property.

Mr. MORGAN. Mr. President, in the remarks which I wish to submit to-day upon this matter, I desire to be entirely accurate in every statement, because I wish that the Senate shall understand the whole merits of this transaction. There are many collateral inquiries, not necessary to be considered at all upon the question of the passage of this resolution, which I shall not deem it essential to consider. I will pass them by in my remarks with only a casual allusion.

I shall feel very much complimented with the attention of any Senator who feels enough interest in this matter to listen to what I have to say; but inasmuch as we do not intend to ask for a vote upon this resolution to-day, if Senators desire to absent themselves from the Chamber, I hope that their convenience will be consulted, as it is Saturday afternoon, and that they will not be required to attend the session of the Senate by order of the body.

It is a laborious duty resting upon me as a member of the Committee on Pacific Railroads to support this resolution, and one that I have always entered upon with reluctance, because, as I have stated on a former occasion, my constituency have no direct interest in this matter. Their interest is only that of the people of the United States at large, without being affected to any degree either as to profit or loss by any arrangement that may be made for the disposal of the Union Pacific and the Central Pacific railroads.

The first duty of the Senate in considering this question is to know what is the state of the account between the United States and the Union Pacific Railroad Company. On the 1st day of July, 1897—I am only repeating what the Senator from Kansas [Mr. HARRIS] has already put into the RECORD—the principal debt of the Union Pacific Railroad to the United States was \$33,539,512, a portion of which has not yet been paid by the Government of the United States. The interest paid by the Government amounts to \$36,954,893.11. The whole indebtedness on the 1st day of July, 1897, was therefore \$70,494,405.11.

The sinking fund of the Union Pacific in the hands of the Treasurer of the United States on the same date was \$17,738,209.86. After deducting the sinking fund, which is an asset of the company in the hands of the United States for the purpose of paying the debt of the Union Pacific Company to the Government, the sum of \$28,015,850.13 remains to be paid. That is the sum and the only sum which the committee of reorganization, Fitzgerald's committee, is required to pay under the agreement entered into between the Attorney-General of the United States and Fitzgerald, as the chairman of what is called "the reorganization committee." I will repeat the amount—\$28,015,850.13.

In the agreement which has been spread upon the records of the Senate, taken from a message of the President of the United States sent to Congress in January, the amount specified that this committee would bid upon the sale of this property is \$45,754,059.99. The sinking fund, according to that agreement, amounting to the sum I have just stated, enters into the \$45,754,059.99 and forms a part of it. So the committee, under the agreement, instead of bidding the sum of \$45,754,059.99, is permitted to take the sinking fund, belonging to the Union Pacific Railroad Company, it is true, but in the hands of the Treasurer of the United States as a trust fund, and use it to make up the sum of \$45,754,059.99, which they pretend in that agreement is to be offered as the purchase price of the railroad, with all of its property and all of its franchises.

On the same day the net debt of the Union Pacific Railroad Company to the United States was \$52,756,195.25. Now, they pay \$28,015,850.13 in money. That added to \$33,500,000, which is the sum of the prior mortgage, makes the total that the railroad will cost the committee \$61,515,850, of which the sinking fund forms a part to the amount of seventeen million and odd thousand dollars.

Now, the new capitalization of this company under the Fitzgerald plan is \$100,000,000 of 4 per cent bonds, \$61,000,000 of common stock, and \$75,000,000 of preferred stock. So they capitalize the property at \$236,000,000. They buy it with a cash expenditure of \$28,000,000 and a little over, and they capitalize it at \$236,000,000. That capitalization, of course, is an admission on their part that they can earn the interest and dividend upon the whole amount of the \$100,000,000 of 4 per cent bonds, \$75,000,000 of preferred stock, and the \$61,000,000 of common stock.

There stands this glaring outrage, for it can be called nothing else, which is perfected by the agreement of the President of the United States, read to the Senate, and the loss to the United States in money, to say nothing of the cost to the people of the United States in other respects, that the Government of the United States has already paid out toward the debt and interest of the Union Pacific Railroad Company.

Mr. HARRIS. I desire to suggest to the Senator from Alabama that the loss to the Government is the difference between the \$53,000,000, which is the net amount due the Government, in round numbers, and the \$28,000,000, making a loss of nearly \$25,000,000.

Mr. MORGAN. I speak of the loss as it is confessed on the floor of the Senate.

Mr. HARRIS. There can be no disagreement as to that amount.

Mr. MORGAN. Very good. I speak of the loss as it is confessed on the floor of the Senate. Both of the Senators who have argued against the resolution have said that it would cost the Government \$12,000,000 clear loss.

What is the first question which would naturally arise upon that statement, admitting that the loss is only \$12,000,000 instead of a very much greater sum? We have demonstrated that the loss is very much greater, but putting it upon the basis of their own statement, the loss is \$12,000,000. They get a property for \$28,015,850.13 in money which they capitalize at \$236,000,000, and we are required to sustain a loss upon their confession of \$12,000,000 in order to enable them to bring about that result.

Mr. GEAR. I wish to state that when I made that statement I had the Government report in view; that I ran it up in my head, and did not put it down on paper. I think the loss is about \$25,000,000.

Mr. MORGAN. About \$25,000,000.

Mr. GEAR. Yes. I want to be correct about that.

Mr. MORGAN. I am very glad to get at the fact about it.

Mr. GEAR. I do not wish to make any statement on the floor of the Senate which is not true. I made the difference \$12,000,000 on the floor of the Senate. The real difference, I think, is \$25,000,000. I will not be exact.

Mr. MORGAN. The Senator from Iowa and the junior Senator from Nebraska both contended that the loss to the Government of the United States in this transaction was \$12,000,000. Now the Senator from Iowa, chairman of the Committee on Pacific Railroads, says it is \$25,000,000. So hereafter I suppose we shall have no dispute about that. Those figures also correspond with the statement made by the Senator from Kansas [Mr. HARRIS].

Mr. GEAR. I presume the Senator from Kansas made his statement from the Government report which I have in my hand.

Mr. MORGAN. Certainly he did. So there can be no inaccuracy about this matter.

The Government of the United States, therefore, is called upon to lose \$25,000,000 in money already paid out for this company to enable the reorganization committee to buy the property for \$28,015,850.13, which they capitalize at \$100,000,000 of 4 per cent bonds, \$75,000,000 of preferred stock, with 4 per cent guaranteed dividends, and \$61,000,000 of common stock. Mr. President, the question arises, Can the people of the United States be reconciled by the action of the President of the United States, taken without authority of law or by the confirmation of that action by the Senate of the United States, as to this very extraordinary piece of business?

The effort of the President of the United States to make this agreement binding upon the Government, and upon all concerned—to make it binding upon parties who are the stockholders of the corporation and parties who are bondholders of the corporation also, and are not represented in the Fitzgerald reorganization committee—is utterly violative of the express laws of the United States, and I set out in the statement which I make to-day with the declaration that the ratification of the incomplete agreement of the former Attorney-General and the special assistant, Mr. Hoadly, with Louis Fitzgerald violates the express statutes of 1878 and 1887, and runs back in its violation to the act of 1865, the act of 1864, and the act of 1862. Congress has never passed any law on this subject that is not expressly violated by that agreement.

II. The second statement I make is that, by the confession of its supporters, a loss of at least \$25,000,000 in money paid out by the United States to the Union Pacific Company is devolved upon the Government.

III. That it is a diversion of the sinking fund in the Treasury, amounting to at least \$18,000,000, from the obligations of express trusts imposed by statute.

I am speaking of the present time—to-day.

IV. That it is the transfer to Louis Fitzgerald of more than \$15,500,000 of net earnings of the Union Pacific Railroad in the years 1894, 1895, and 1896 and of more than \$15,500,000 of cash assets of that railroad, making in all more than \$31,000,000, practically cash assets, that are transferred to the persons he represents, in addition to the sinking fund.

V. That this agreement, instead of "clearing off the first mortgage" on the road, for which there is ample means, leaves that debt unprovided for, and the bill filed by the United States prays for the sale of the railroad subject to the lien of that mortgage. Instead of clearing it off, the first mortgage is left in full force, in order to secure the ownership of the Union Pacific Railroad to Fitzgerald's committee.

VI. That no contract has been formulated or signed for carrying out this loose and indefinite agreement, which is vaguely evidenced by the four letters copied or referred to in the report of the Attorney-General to the President January 23, 1897.

VII. That the agreement thus presented to Congress by the President is vague, imperfect, indefinite, and misleading in the following particulars:

1. That it delivers the control of the sinking fund of the Union Pacific Company to Louis Fitzgerald without requiring him to return it or account for it.

2. That it makes no provision as to the forfeit money left with the national depository to secure the bid to be made for the railroad, in the event that no bid is made by Louis Fitzgerald at the sale under the proposed decree of the court.

3. That it does not disclose the names of the parties who comprise the reorganization committee that Fitzgerald assumes to represent as chairman, and whom he undertakes to bind by his agreement.

4. The obligations of the United States, if any exist against the Government as junior mortgagee, are toward the company, and its stockholders and the trustees and holders of the bonds secured by the first mortgage, and can not inure to anyone else. None of these is provided for or mentioned in this agreement.

5. The agreement is made with a private person, who is on the face of the papers and in fact a mere interloper, with no interest in the railroad, and is not a representative of the company, or of anybody interested in it.

6. The agreement to have the railroad and its franchises sold by the decree of a court and to institute proceedings for that purpose violates the public policy declared in all the acts of Congress and in the decisions of the Supreme Court with reference to the subsidized railroads. That is a power that Congress alone can exercise by changing the existing law.

7. The agreement to enter appearances for the United States in suits to foreclose, brought by other persons, is not authorized by law.

8. The agreement to sue for the foreclosure of the subsidy lien of the Government and to sell the railroad under it is an effort to destroy the title of the Government in the property the title to which has passed to it by operation of the statute, and to create in the courts of the United States a jurisdiction that they not only do not possess, but that is prohibited to them by the provision of a different remedy—a forfeiture—for the breach of the obligation of the company to pay the subsidy bonds when they fall due.

VIII. The arrangement provided for in that agreement with Fitzgerald is a violation of the statute and an abuse of the power of the Executive, in that it prevents the application of the sinking fund and other cash assets of the company to clearing off the first-mortgage-bond debt, which would have released the property from the possession of the receivers, and would have returned it to that of the company, and would also have rendered the further prosecution of the suit for foreclosure unnecessary and improper.

IX. The agreement to give the control of the sinking fund to Louis Fitzgerald, to enable the reorganization company to bid \$45,754,059.99 for the railroad, was necessarily covinous and illegal, because the certain effect of it was to enable that combination to outbid all other persons at the sale of the railroad.

It was giving them credit on their bidding for the full amount of the sinking fund, as if it was cash put up by them, whereas it was trust money, held by the Government under the statute for all the creditors of the Union Pacific Company.

X. If this proceeding had any warrant in the laws, if it did not plainly violate the letter and the spirit of the acts of Congress that were enacted to prohibit such conduct, it would still be void as being against public policy, honesty, justice, and fair dealing. It is, in fact, a flagrantly disreputable combination to place the ownership of this railroad in the hands of certain selected persons—Fitzgerald and his associates—and to give them such advantages in buying the property, at a forced sale, that it is impossible that any other person or combination can purchase it. This is the plain and unquestionable purpose of this illegal contract.

XI. The moment the property is sold the sinking fund of \$17,738,209.86 is applied by the United States under this agreement to the cash bid of the Fitzgerald combine, leaving them to pay in money only \$28,015,850.13 for the property, while any other purchasers could only start the bidding for their benefit by putting up more than \$45,754,059.99. This is a conclusive advantage in favor of the Fitzgerald combine that would necessarily land the property in their ownership. It is an agreement and covinous combination to prevent competitive bidding at the sale.

XII. Fitzgerald and his associates are given full power over the debt to the Government, that they may use it in bidding for the property, at a confessed loss to the Government of \$25,000,000, and at the loss of all the cash assets of the railroad company, and the loss of the cash in the hands of the receivers. They come out of the deal with a property that they capitalize at \$236,000,000, for which they are to pay \$28,015,850.13, and the United States come out with a loss of \$25,000,000 in cash, and the loss of all legislative control of the railroad, and the loss of the great highway, united by express provisions of law for national purposes, and the loss of the power to regulate freights, the loss of the right to apply the sinking fund according to the great and irrevocable trusts

expressly created by the Thurman Act, and with the loss of the right to compel these railroads to apply the cost of the transportation done for the Government to the repayment of the \$25,000,000 which this agreement surrenders to them.

Mr. HARRIS. May I venture to suggest to the Senator from Alabama that it will also practically destroy the interest the Government has in the Central Pacific road?

Mr. MORGAN. I will come to that point.

XIII. What we thus do for the Fitzgerald combine we will be forced to do for the Southern Pacific Railroad Company, the Kentucky company, and for Collis P. Huntington.

XIV. This scheme of sale can be nothing less than the loss of \$50,000,000 of the debt due from the two companies, which we donate to the committees of reconstruction, and the sinking funds of both companies, which together amount to a sum I have not added up, but will state presently.

Mr. HARRIS. Nearly \$30,000,000.

Mr. MORGAN. The Senator from Kansas, who has made the computation, says the sinking funds of the two companies together amount to about \$30,000,000, and add to this the loss of the entire land grants to both companies, worth not less than \$20,000,000, certainly, at a very low valuation, and also the loss of all debts and assets due and belonging to both companies, amounting not possibly to less than \$25,000,000, but, in fact, far beyond that sum, and the loss of the liability of those men who have plundered both companies by their fraudulent breaches of trust, and we have an aggregation of losses that it is shameful to contemplate. What have we done to deserve this?

Mr. THURSTON. May I interrupt the Senator from Alabama to ask a question? What agreement is there, I ask the Senator, which would release the claim of the United States on any cash assets, on any other property, or release its remedy against anybody—the officers or any others—who have misappropriated the funds, mismanaged the property, or deprived the United States of any assets?

Mr. MORGAN. I have looked into the bill filed in this case, to which the junior Senator from Nebraska, as counsel for the receivers, has put in an answer. These bills are on the desk before me now. These bills filed by the first-mortgage bondholders and also by the Government of the United States pray for a sale of the interest of the United States in the railroad company, including the franchise to be a corporation, including everything connected therewith; and this agreement with Fitzgerald is intended to carry that decree into effect, to carry the judgment of the court upon these bills into effect, and is intended to land the property in the hands of Fitzgerald's combination.

Now, when the Fitzgerald combination get this property under a decree predicated upon these bills, they will get everything that the Union Pacific Railroad Company possesses and, ultimately, Huntington will get everything that the Central Pacific Railroad possesses.

Mr. TELLER. Including the rights of action?

Mr. MORGAN. Yes; including everything—all assets, whether cash, or property, or credits, or what not.

Mr. THURSTON. Has the Senator read the bill of the United States in which it sets up its claim?

Mr. MORGAN. I have.

Mr. THURSTON. There is no agreement between the parties as to what the decree shall be.

Mr. MORGAN. I do not know of any.

Mr. THURSTON. The court must take the pleadings and the proofs and establish the equities in the final decree as in any other case of foreclosure, and any deficiency after sale in favor of the United States will be left the same as it would if held by an individual, with all the rights and remedies against every person and every asset not actually seized and subjected to foreclosure process.

Mr. MORGAN. The bill embraces averments and a prayer for a sale of this railroad with all its privileges, rights, property, franchises of every kind and character, and after that decree passes the United States will be concluded against the assertion of any rights whatsoever in the name of that company or in virtue of its obligations to the Government, because the foreclosure and sale closes out the transaction completely between the company and the United States.

Whether the United States can hold these men liable for their defalcations in the right of the company is another matter; but by this agreement the Government steps out of this corporation, rids itself of it, shakes the dust from its feet, and it passes into the hands of Fitzgerald and company. I shall have some specific facts to state about that presently when I present the agreement of the Fitzgerald combine. After it gets into the hands of Fitzgerald and company, or the reorganization committee, they become the owners of all that is now owned by the corporation and by the United States, of every kind and character.

As the Senator from Nebraska [Mr. THURSTON] said the other day, and as the proceedings of the reorganization committee indicate,

they propose to go on and have a new corporation created by State authority for the purpose of taking and holding and working this great railroad system, so that there will be a corporation necessarily in each State through which it passes. There are five corporations, I think, into which this great Union Pacific Railroad will be divided up. State authority will supervene. The United States authority will be entirely gone, with all its rights and privileges, including the right to send soldiers and mails over the Union Pacific Railroad. All will be gone, without reservation, into the hands of the several State corporations.

Having answered partially the Senator—for I will answer him still more fully upon that proposition before I get through with my remarks—I will proceed with my statement.

XV. In compensation for these losses, and not condonation of these monstrous frauds that for thirty years have excited the scorn of the world at the possibilities of crime in our Republic, and have aroused the indignation of our much-abused people, we get a disseminated system of railroads, under State charters, all owned and controlled by a syndicate chartered in Utah and substantially a reproduction of the strange and infamous device called "The Kentucky Company," whose title in the statute of Kentucky is "The Southern Pacific Railroad Company," and it belongs to and is controlled by Collis P. Huntington and his associates, who number only four persons, or their survivors, executors, or administrators.

XVI. The Government has long since ceased to be a mere holder of a lien on this railroad and all the property of every character that it possesses. It has asserted the strongest claims to the control of all the property of this company. It has even anticipated the default of the company in the nonpayment of the subsidy bonds and the first-mortgage bonds, seized upon its revenues and placed them in a sinking fund and held them there against the most determined resistance in all the courts of the country. The Government has also compelled the railroad company to pay large sums of money into this sinking fund. It has also forced its directors into the board of directors, although it owns no stock in the company. These directors, three in number—

Mr. THURSTON. Five.

Mr. MORGAN. Five in number, have all the powers of the other directors, although the masters of these railroads have always ignored them in their business transactions.

XVII. This agreement with Fitzgerald is intended to confirm all the doings of Fitzgerald's committee of reorganization, which are in defiant conflict with the statutes and public policy of the United States, and constitute a scheme of duress, extortion, and oppression as to the minority of the stockholders and the first-mortgage bondholders of the company that may well be called the most audacious plan of railroad wrecking and for freezing out stockholders, bondholders, and creditors that has ever been devised by this wonderfully smart, wily, and almost irresistible power—the railroad wreckers of the United States.

I have put those propositions on the record, and I challenge the Senator from Nebraska to answer each one of them when he comes to make his explanation of this agreement with the Fitzgerald combine. Let us see which of these eighteen statements he can deny, which of them he can explain away, and which of them he is bound to admit.

These propositions present a state of case at which the Senate of the United States can not halt in its consideration of this matter. It makes no difference if the President of the United States has been the assistant of Louis Fitzgerald in getting up this great system of railroad wrecking, the Senate of the United States can not forbear now, at the first opportunity it has ever had, to interpose at least its request to the present Executive that he also will not become a party to this transaction.

In the future casting of political affairs and events in this country it will be a very sad day for the present Administration when they anchor themselves to this dead body of a previous Administration. When Mr. McKinley consents to become the administrator *de bonis non, cum testamento annexo*, of this transaction on the part of Mr. Cleveland's Administration, he will commit himself to a scheme that will wreck any man that ever lived in this world. I trust that he will have the sagacity and manhood and the integrity to stand up for the laws of his country and not allow them to be repealed and trodden under foot by the indirect arrangement which was made by the former Executive.

Before I proceed to some discussion of the several propositions which I have thus stated, each distinctly, I wish to lay before the Senate the plan and agreement for the reorganization of the Union Pacific Railway Company, including its Kansas Pacific line, dated October 15, 1895, and put forward by a committee consisting of Louis Fitzgerald, Jacob H. Schiff, T. Jefferson Coolidge, jr., Chauncey M. Depew, Marvin Hughitt, and Oliver Ames, 2d. This morning in my mail I had the first opportunity of seeing this agreement. The agreement made by the President of the United States with Fitzgerald, and sent to us in a message in January,

was predicated upon and had reference to this reorganization agreement. Why the President of the United States did not send this reorganization agreement to Congress, to let Congress know the parties with whom he was actually making that contract, and the terms of the combination that they had formed, its purposes, its statements, its powers and obligations, is something that to me is absolutely inexplicable.

If it was negligence, it was very unfortunate. If it was indifference to the right of Congress to have the information, it was a breach of duty. If it was a disregard of the statutes of the United States, it was culpable.

The Senator from Nebraska the other day took me somewhat to task for having referred to a message of the President of the United States and read from it here. I had read every word in it to the Senate. The message bears date the 23d day of January, 1897, and it contained every word the President of the United States had communicated to Congress in reference to this agreement. I referred to that as an agreement from which the letter of the 14th of January, 1897, was omitted, which letter was addressed by Mr. Hoadly to Louis Fitzgerald, and to another letter bearing date January 18, 1897, which had no signature.

The words "Attorney-General" are appended to it, but the signature is left blank. It is addressed to "Louis Fitzgerald, esq., chairman of reorganization committee of the Union Pacific Railway Company." The Senator said the other day that if I had consulted Document 83 I would have seen the full statement of the whole transaction, including the letter of January 14. What I read from was Document 83, and I read every word that was in it.

Mr. THURSTON. The Senator will permit me. If he will look at my remarks, he will find I said if he had consulted that document, and had consulted the report of the Government directors, which is a part of the record of the Interior Department that I read from, he would have found it. The letter of Governor Hoadly that I read I read from the record of the Interior Department.

Mr. MORGAN. The Congress of the United States and the Committee on Pacific Railroads of the Senate relied, as they had a right to do, upon the message contained in Document 83, and that does not contain the letter of January 14, 1897, referred to by Fitzgerald. In the letter from Fitzgerald sent to the Senate it is referred to in the following words:

DEAR SIR: Replying on behalf of the Union Pacific reorganization committee to your favor of the 14th instant—

That is January instant—

in which you request from this committee such proposition as it may be willing to make, etc.

The 14th of January. The Senator from Nebraska says that if the committee or I had gone into the Interior Department, into the office of the Railroad Commissioner, I believe, we would have found there a paper, which he read. That paper is not dated January 14; it is dated January 15, 1897.

Mr. THURSTON. Let me verify that and see whether the RECORD is right or states it as the letter of the 15th.

Mr. MORGAN. This letter is dated January 15, 1897, addressed by Louis Fitzgerald to Hon. George Hoadly, and if it is a true copy of what the records contain, it refers to a letter which Mr. Hoadly had written to him on the 14th day of January, 1897. Where was this committee to look for the information about this business? Of course we look to the message of the President.

Mr. THURSTON. I will just say that the reporters in copying this letter into the RECORD evidently made the mistake. The letter that I read is dated January 14.

Mr. MORGAN. Well, that accounts for the 15th; and I will assume in the rest of what I have to say about it that this is the correct copy of the letter which was omitted from the President's message. Why was this letter carried off and lodged with the Government directors instead of being placed on file in the Attorney-General's Office? Where is the proper place to keep these records?

Mr. THURSTON. I will hand to the Senator the report of the Government directors made to the Secretary of the Interior. It shows the whole correspondence.

Mr. MORGAN. Yes. Now, here are the Government directors. They have no responsibility to Congress at all. If we have their names, it is through some report that we get from the office of the Railroad Commissioner. They appear to be in the possession of a copy of this letter. Where the original is nobody knows. They do not appear to have the possession of the original letter; and of the letters that are found in the Attorney-General's Office that represented everything that had been done, there appears to be at least one of them, not signed, on file in the Attorney-General's Office.

We are complained at because we did not go to the Government directors' report, of which we had no knowledge and no cognizance, to find out what was the missing link in this agreement. The committee naturally assumed that the President in his message had given all the information that it was possible to give,

particularly when, after he had gone out of office, we appealed to the present Executive to cause another search to be made in the Attorney-General's Office, and nothing could be found but four scraps of paper, as they are described in the message, besides what had been previously communicated.

I have gone over this ground, Mr. President, not that it is at all important to this case, but for the purpose of getting the means of identifying, if I can, the correspondence which has now been presented to the Senate by me and also by the Senator from Nebraska. It serves to identify the agreement for the reorganization of the Union Pacific Railroad Company, which is the paper doubtless to which all this correspondence relates.

Now we have this paper identified. We have the Fitzgerald agreement here, which shows the part of the transaction that was omitted from the President's message, and of which no record is kept in the Attorney-General's Office and no direct allusion is made to it. There is an incidental allusion made to it in this correspondence, but no direct allusion. We have it all now. By thus hunting and harrying about among the Department archives and through private papers furnished to us by outsiders, we have now obtained what we may call the whole circle of the proceedings embraced in this agreement for the sale of the railroad and sinking fund to the Fitzgerald combine. But, sir, there is still wanting one thing which was an indispensable part of the agreement, and that was an agreement drawn up and signed by Fitzgerald and his committee on the one part and the Government of the United States on the other, in which the whole transaction should appear and the mutual obligations and covenants should be expressed in binding and intelligible form.

Suppose that Mr. Fitzgerald should commit a breach of his contract with the Government of the United States and should withhold this paper, should not present it, as it has never been presented and filed in the Attorney-General's Office, and we go into court for the purpose of enforcing it against him, how would we establish it? How would we prove that the paper that I now assume was a part of that agreement was in fact a part of it? It would be an impossibility, if no more could be established than is stated in the four letters that are supposed to contain the agreement. This shows that there was a disposition to cover this transaction up in darkness, and that disposition seems still to linger about the case. The Senator from Nebraska who has had the floor here and presented every paper in his possession relating to this transaction has omitted to bring forward this agreement, and it was not until I got my mail this morning that one of the stockholders in the company was kind enough to send me this combine agreement. I will remark that there is nothing we have been able to obtain about the Utah corporation except a news slip that has been sent here, which I will read:

DOW, JONES & Co.,
NEWS BULLETINS.

42-44 Broad street, New York.
Friday.

July 2.

Telephone No. 1846 Broad.
No. 59.

UNION PACIFIC INCORPORATED.

Salt Lake, Utah.—The Union Pacific Railroad Company has filed articles of incorporation with the secretary of state. Capital stock is \$136,000,000. The directors named are Edward Dickinson, Joseph H. Millard, J. A. Monroe, T. M. Orr, of Omaha; Alexander Miller, James G. Harris, of Boston; Otto H. Kahn, Henry C. Deming, Alvin W. Keech, Felix M. Warburg, Ernest H. Adee, George H. Squire, Lawrence Greer, of New York; George Q. Cannon, Le Grand Young, of Salt Lake. Under the Utah law the company can acquire by purchase any other railroad stock, and can extend any of its own lines.

Now, that is all we know about the corporation that has been carried through the Utah tribunal under a general act of incorporation. Where such a charter has been granted under such general act as the charter members prescribe within the limits of the statute, and insert all the powers that they desire to have and none others. They seem to have chartered, by private agreement, a railroad corporation with a capital stock of \$136,000,000, with certain named directors. They seem to have assumed the authority, under the Utah law, of acquiring by purchase any other railroad and to extend any of its own lines.

That is the legal entity which, so far as we know anything about it, this great Union Pacific Railroad Company is to have, or is to become, or to pretend to be. This Utah corporation is to own the line of this Union Pacific Railroad and all of its corporate privileges and franchises running through five States, if I am correct in my recollection of the States through which it goes. It is to own the whole of them. It will be seen from the agreement for the reorganization that this Utah corporation is based upon the same scheme and plan as the Kentucky company, about which I will have more to say presently. That is all we know about it, and that is as far as we can penetrate into this matter. Something strange and hidden is going to be done with this railroad and with the patrons of it and the people who are dependent upon it and the Government of the United States, with its peculiar rights and privileges and powers over this company, as to which we are kept entirely in the dark. The President of the United States, who made this agreement, knew about it; without doubt he knew the

entire plan from beginning to end, but he did not mention or intimate that he had ever heard of the Fitzgerald combine.

I remember when I was a member of the Committee on Pacific Railroads—and I have been a member of it ever since that select committee was organized—there appeared before us one day, when Mr. Brice was chairman, two very eminent counselors from Germany and Mr. Stetson, the former law partner of Mr. Cleveland, advocating this same scheme in general outline, but upon terms far more favorable to the United States than are contained in this agreement.

When the question was asked by myself of Mr. Stetson, "Who is to be the successor company?" he said, "It would be a company to be chartered by act of Congress." I said to him, "You will find probably a number of gentlemen in the Senate, at least, more particularly amongst the Democratic party, who will not be prepared to admit that the Congress of the United States can give a charter to a railroad company to extend through sovereign States, especially if they have not got their absolute consent, as they must have in all cases where the Federal power reaches into the States."

Why, sir, even regarding the taxation of lands, we are shut out by the agreements made in the acts of admission which exempt the lands of the States from taxation and the lands of the Government from taxation by the States for a period of years. When we wish to establish a Federal court-house in one of the States, we have always to enter into an agreement with the State by which it is admitted that the sovereign right of the State to tax that property is surrendered; so that the States have power over these corporations to tax them whenever the Congress chooses to enact them, unless they are created for Government purposes. Congress can enact them only for Government purposes. All the States have power to refuse them admission within their borders and to refuse to give up their right to tax them, unless it is upon some express stipulation.

So they concluded to change their plan, and this is the same combination. I asked the question on that investigation whether the majority of the stock and bonds of the Union Pacific Railroad Company were held abroad, in Germany and elsewhere, and they said they were; and they are to-day. Then I said, "If you get a charter from the United States Government for a new corporation here, the majority of the stock will be held abroad." They admitted that it would, and they thought it would be a benefit to all concerned that it should be, because it would remove them from contact with the control of the people of the country through which it should pass. I have not forgotten those ideas and those suggestions, Mr. President. They have haunted me all the time that this matter has been under consideration.

Now, I find that, despairing of getting a charter from the Congress of the United States, they have gone to the State of Utah. Finding there a general law for incorporating companies, they have put through their plan and changed their programme, and have taken such powers and in such form as they saw proper within the limits of the law of Utah; and that corporation is to become the residuary legatee of all the powers of the Union Pacific Railroad Company, and when we are compelled, as we shall be by force of logic, the logic of the situation, to give similar privileges to Mr. Huntington, when he steps forward to claim them, then the Kentucky company stands there ready to receive all that will pass to it, to absorb it, and to exercise the powers over the Central Pacific Railroad Company that the Government of the United States now reserves partly to itself and partly to the action of the board of directors.

I will now read a notice from the Union Pacific reorganization committee, published in a New York paper:

The undersigned committee hereby gives notice that it has declared operative its plan of reorganization dated October 15, 1895, with the modifications heretofore published.

LOUIS FITZGERALD,
JACOB H. SCHIFF,
T. JEFFERSON COOLIDGE, Jr.,
CHAUNCEY M. DEPEW,
MARVIN HUGHITT,
OLIVER AMES,

Committee.

NEW YORK, June 21, 1897.

They have made the declaration, now that they have got the Utah incorporation, that this plan of reorganization is now operative with some amendments, which have been made by publication, which amendments are inserted in the copy of the agreement by interlineation in pencil.

Mr. President, I shall first read an address made by Fitzgerald and other members of his committee to the "security holders" of the Union Pacific main lines proper, inclusive of the Kansas Pacific line. That address is dated October 15, 1895:

To the security holders of the Union Pacific main lines proper, inclusive of the Kansas Pacific line:

The system of the Union Pacific Railway Company having become dismembered, and the holders of the securities of the branch lines having already taken steps for their own protection, it has become evident that the holders of the various kinds of bonds secured upon the main stem of the Union Pacific Railway Company, including the Kansas Pacific line, must combine in order to protect themselves.

Allow me to observe, while I am reading this part of the text of this address and notice, that it has been disclosed in the debate here that the Union Pacific Railroad Company has been stripping itself of a number of branch roads in which it had sometimes a majority of the stock and in others was controlling the traffic rights—that it has been stripping itself of these because they were nonpaying roads, because they were not valuable property, getting rid of them, and letting some of them go to waste and ruin, for the Senator from Nebraska says that some of them were in such a condition that a cow could not travel over them. It has been stripping itself of all of these incumbrances for some years past. What for? For two purposes: First, that it might acquire the main stem of the Kansas Pacific route under an arrangement which they thought they could force in this wrecking process; and secondly, and more importantly, the consideration that by stripping themselves of these branch lines and getting them foreclosed, sold out, and the business all closed by decrees of the court, they would escape the responsibilities, which the Senator from Nebraska [Mr. THURSTON] admitted the other day, for having diverted the money of the Union Pacific Railroad Company—a trust fund; always a trust fund—into the building of these lines.

These men who now hold these bonds and who hold the stock of the Union Pacific Railroad Company are the men who diverted the enormous sums of money, which the reports show, from the Union Pacific Company and put them into these branch lines for their own private enrichment and emolument, and they grew enormously rich by this operation. Then, when they got through and concluded that they would have a forced sale and become purchasers of this Union Pacific property, they thought it would be far more convenient and much safer not to have any hereafter about their responsibility for the diversion of these funds held in trust for the United States Government. Therefore they permitted them to be swept off under decrees, one after another, saving only those that they thought ultimately would be very profitable members of the Union Pacific stem and the Kansas Pacific; and the great system has thus been torn to pieces by the very men who constructed it—torn to pieces purposely, to avoid their responsibilities to the Government of the United States.

Let me repeat, Mr. President—it may be said too often, but it can not be thought of too seriously—that these men in control of this great Union Pacific property, from the day that they first took hold of it, from the day that this railroad company was incorporated, have been trustees, not for themselves, but for the Government of the United States. To make that remark clearer and more conclusive, let me now refer to the report of Mr. Boatner, of the Committee on Pacific Railroads of the House of Representatives, made on the 30th of July, 1894, in which he states, after the investigation of all the evidence that could be found, that Oliver Ames, on the 27th day of September, 1870—he being the predecessor of the Ames who is now suing the United States Government as a trustee and as a bondholder—swore that \$26,762,300 had been paid into the treasury of the Union Pacific Railroad Company for stock, when the fact was, as reported by Mr. Boatner, that only \$400,650 had ever been paid in.

So that that stock was taken by Ames and his associates and converted to their own use to the amount of \$26,762,300 on the payment of \$400,650. That was on the Union Pacific. On the Kansas Pacific, Mr. Carr swore, on the 28th of September, 1872, that \$5,072,500 had been paid in for stock, when the fact was that only \$250,000 had been paid in. The balance of the statements relate to the Central Pacific, and it is not necessary that I should put them in the RECORD. That is the stock that is represented in this reorganization committee; that is a part of this preferred stock on which they are to draw dividends at the rate of 4 per cent.

To whom does that stock belong? It could not belong to these holders beyond the amount of money they paid into that company for it. Not to use a harsh expression, Mr. President, they deliberately stole it, and they have got it yet. They put that up as part of the basis of the agreement which they ask us now to enforce. If any more money has ever been paid into the Union Pacific Company or the Kansas Pacific Company for this stock, I ask the Senator from Nebraska, who knows all about this business, if he will make the statement, when he comes to reply to me, as to the amount. All I know about it is contained in Mr. Boatner's report, in the reports of the Government directors, and in the report of the Government commission, of which I will put an extract in my remarks before I get through.

Mr. THURSTON. I will say, if the Senator will allow me—
The PRESIDING OFFICER (Mr. ALLEN in the chair). Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. MORGAN. Yes, sir.
Mr. THURSTON. The Senator says I know all about it. I know nothing of the transactions of the Union Pacific Railway Company prior to 1879 except as a matter of history.

Mr. MORGAN. Then, of course, you do not know about that. That occurred several years sooner.

Mr. THURSTON. The road was completed in the spring of 1869, according to history. I do not know it in any other way.

Mr. MORGAN. Mr. President, I am going to ask the Secretary to read the agreement between these committeemen and the persons who are expected to subscribe and have subscribed their bonds and their stock and paid their money into this new combination—this Fitzgerald combination; and it will be seen, when that agreement is read, that such powers have never been claimed or conferred upon any set of men in the world, I reckon. I am not familiar with the New York wrecking processes, but I suppose that such powers have never been conferred upon a set of men in the world as are conferred by this agreement of this reorganization committee; and it is that agreement which the President of the United States undertook to execute when he dealt with this company. He affirmed it, he must affirm it, in all of its parts and in every particular.

After that has been read, I shall then read and lay before the Senate a statement, made up by that committee, of the value of the property which they are dealing with, and the assets of every kind and character of the Union Pacific Company, so that the Senate and the country will know the view that they took of the value of this Union Pacific Railroad at the time they made this agreement. I will ask the Secretary to read that agreement.

The PRESIDING OFFICER. In the absence of objection, the Secretary will read as requested.

Mr. MORGAN. It is a little prolix, but at the same time it is very important.

The Secretary read as follows:

AGREEMENT.

An agreement made this 15th day of October, 1895, between Louis Fitzgerald, Jacob H. Schiff, T. Jefferson Coolidge, Jr., Chauncy M. Depew, Marvin Hughitt, and Oliver Ames, 2d, parties of the first part, and herein called the "committee," and holders of such bonds and stock of the Union Pacific Railway Company as shall, conformably with the provisions of the annexed plan and of this agreement, be deposited as in said plan and herein provided, parties of the second part, and herein called "depositors."

Whereas the parties of the first part have been and hereby are constituted a committee for the reorganization of the affairs of the Union Pacific Railway Company proper, inclusive of its Kansas Pacific lines, and have formulated the annexed plan for such reorganization:

Now, this agreement witnesseth:

That each and every person or party who shall have deposited with either of the depositaries hereunder as hereinafter provided any bonds of the Union Pacific Railway Company receivable under this agreement, or any stock of said company, hereby promises and agrees to and with the committee and every other party hereto, and they and the committee respectively promise and agree as follows:

First. Printed copies of this agreement, certified by a majority of the committee and lodged respectively with the depositaries, shall be held and taken as the original agreement. The said plan is, and shall be, taken to be a part of this agreement, with the same effect as though each and every provision thereof had been embodied herein, and said plan and this agreement shall be read as parts of one and the same instrument; but it is understood, however, that no estimate, statement, explanation, or suggestion in said plan, or in the statement which precedes the same, or in this agreement, or in any circular issued or to be issued by the committee, is intended to or shall operate as a representation or warranty or as a condition of the deposit of securities hereunder, and no error or defect therein shall operate to release any depositing security holder, except with the consent of the committee.

Depositors of securities shall receive receipts or certificates of deposit in form to be approved by the committee, specifying the securities deposited and assessments, if any, paid thereon, and all rights of the depositors in respect of such deposits shall be such only as are evidenced by such receipts or certificates; and thereafter the holder of any such receipt or certificate, or of any receipt or certificate issued in lieu thereof or in exchange thereof, shall be subject to this agreement and entitled to have and exercise the rights of the original depositor under the receipt or certificate issued to him in respect of the securities therein mentioned.

The respective receipts or certificates of deposit, and the interest represented thereby, and all rights of the holders in respect of the deposited securities and assessments paid thereon, shall be transferable only subject to the terms and conditions of this agreement and in such manner as the committee shall approve, and upon such transfer the transferees and holders of such receipts or certificates of deposit shall for all purposes be substituted in place of the prior holders, subject to this agreement. All such transferees, as well as the original holders of receipts or certificates of deposit, shall be embraced under the term "depositors," whenever used herein. Each receipt or certificate of deposit may be treated by the committee and by the depositaries as a negotiable instrument, and the holder for the time being may be deemed to be the absolute owner thereof and of all rights of the original depositor of the bond or stock and assessments in respect of which the same was issued, and neither the depositaries nor the committee shall be affected by any notice to the contrary. By accepting any such receipt or certificate, every recipient or holder thereof shall thereby become party to this agreement with the same force and effect as though an actual subscriber hereto under seal.

Depositors must in all cases deposit with the certificates for their stock, or with their bonds or other securities, such transfers, assignments, and powers of attorneys as may be required by the committee, in order to vest in said committee or to enable it to transfer the complete and absolute title to such stock, bonds, or other securities, and to coupons or interest installments on deposited bonds; and the depositors respectively agree at any time on demand of the committee to execute any and all transfers, assignments, or writings necessary for vesting complete ownership of the bonds, stocks, or other securities deposited hereunder in said committee or in its nominees, or for the purpose of enabling said committee to carry out said plan of reorganization.

The committee shall have power to fix or limit the time within which all or any class of security holders may deposit their securities and become parties to this agreement as herein provided, and may, in its discretion, and on such terms and conditions as it may see fit, either generally or in special instances extend or renew the time so fixed or limited.

Holders of securities not deposited in the manner herein provided within the times so fixed, limited, extended, or renewed will not be entitled to de-

posit the same or become parties to this agreement or share in the benefits thereof, and shall acquire no rights thereunder, except by express consent of the committee and on such terms and conditions as the committee may prescribe.

Depositors of stock who shall fail to pay their assessments, or any installments thereof, within such time as shall be fixed or limited shall cease to be entitled to any benefit hereunder, or in the securities deposited or assessments paid, and shall absolutely forfeit, without right of redemption, their stock, together with any part of the assessments paid thereon, and the committee may sell the same, or the new securities which may be issued in respect thereof, to any purchaser paying such amount as the committee may determine, and the proceeds thereof may be used for any of the requirements of carrying out said plan and as a reserve for the uses of the new company. The committee may, however, in its discretion, on such terms as it shall see fit, waive by resolution any such forfeiture or failure to pay the assessment within the times allowed.

Second. The depositors hereunder hereby request the committee to endeavor to carry into practical operation this agreement, including the foregoing plan of reorganization, in its entirety or in part, to such extent and in such manner and with such additions, exceptions, and modifications as the committee shall deem to be for the best interests of the depositors. Each and every depositor, for himself and not for any other depositor, does hereby sell, assign, transfer, and set over to the said parties of the first part as joint tenants, and not as tenants in common, and to the survivor and survivors of them and to their successors, as a committee, each and every bond, share of stock, security, or obligation or evidence thereof deposited hereunder, and every depositor hereby agrees that the committee shall be, and hereby is, vested with all the power and authority of owners of the stock, bonds, securities, and obligations deposited hereunder, with full right to transfer the same into its own name, as a committee, or into the name of any other person or persons whom the committee may select; to vote thereon at any meeting of stockholders or bondholders or creditors; to use every such stock, bond, security, or obligation as fully and to the same extent as the owner or holder thereof, including power to declare due the principal of any bond or other obligation deposited hereunder, and to revoke any such declaration whenever made; to call or attend, and either in person or by proxy to vote at, any and all meetings of stockholders or bondholders or creditors of any corporation, however convened; to terminate or to seek to dissolve or modify any trust or lease, in whole or in part; to apply for the determination of the validity thereof, or for the removal of any trustees or the substitution of other trustees, or to take any other steps in respect of any trust or lease or under any provision thereof; to purchase at such prices as it shall see fit, or to pay, compromise, or settle with the holders of any coupons, notes, or other obligations of the Union Pacific Railway Company, or of any or either of the original companies consolidated therein, or of auxiliary companies heretofore related thereto, or any receivers' certificates or obligations issued or which may be issued or incurred by the receivers thereof, and to apply for that purpose any moneys received from the assessments on the stock, or which may otherwise be received or raised by the committee; to sell and transfer and to effectively assign any and all coupons on deposited bonds, and any rights, claims, or demands for accrued or future interest on such bonds; to give all bonds of indemnity or other bonds, and to charge therewith the securities deposited hereunder or any part thereof, if the committee shall so deem necessary or expedient in carrying out the purposes hereof; to institute or cause to be instituted or to become parties to any legal proceedings which could be instituted by any depositor or any corporation, or any officer of any corporation whose stock or bonds or other obligations (or any part thereof) are deposited hereunder, and to participate in, adopt, or extend its aid and cooperation in and to any and all legal proceedings now existing; to apply for receivers, or the removal of receivers and the substitution of other receivers, or for the termination of any receivership and the delivery of any property to its owners; to enter into settlement of any litigation now or at any time existing or threatened, in whole or in part, with plenary power to enter into arrangements for decrees, or for facilitating or hastening the course of litigation, or in any way to promote the objects of the plan and the purposes of the committee; to do whatever, in the judgment of the committee, may be necessary to promote or to procure such joint or separate sales of any property or franchises herein concerned as the committee may deem desirable, wherever the same may be situated; to adjourn the sale of any property or franchises or of any portion or lot thereof at discretion; to bid, or to refrain from bidding, at any sale, either public or private, either in separate lots or as a whole, for any property or franchise or any part thereof, whether or not owned, controlled, or covered by any deposited security, including or excluding any particular rolling stock, or other property, real or personal, and at, before, or after, any such sale to arrange and agree for the resale of any portion of the property which the committee may decide to sell rather than to retain; to hold any property or franchises purchased by the committee either in its name or in the name of persons or corporations by it chosen for the purposes of this agreement, and to apply any security deposited hereunder in satisfaction of any bid or toward obtaining funds for the satisfaction thereof; if being understood that the term property and franchises includes any and all railroads, railroad and other transportation lines, leaseholds, stock or other interests in corporations, in which the Union Pacific Railway Company has any interest of any kind whatever, direct or indirect. The amount to be bid or paid by the committee for any property or franchises shall be absolutely discretionary with it; and, in case of the sale to others of any property or franchise, the committee may receive out of the proceeds of such sale or otherwise any dividend in any form accruing on any securities held by it.

The enumeration of specific powers hereby conferred shall not be construed to limit or to restrict general powers herein conferred or intended so to be; and it is hereby distinctly declared that it is intended to confer on the committee, and each depositor hereunder hereby confers on the committee, in respect of all securities deposited or to be deposited, and in all other respects, any and all powers necessary or expedient, or which the committee may deem necessary or expedient in or toward carrying out or promoting the purposes of this agreement in any respect, even though any such power be apparently of a character not now contemplated; and the committee may exercise any and every such power as fully and effectively as if the same were herein distinctly specified, and as often as, for any cause or reason, it may deem expedient. And it is further understood and agreed that the methods to be adopted for or toward carrying out this agreement shall be entirely discretionary with the committee.

Third. Any moneys paid under or with reference to said plan or this agreement shall be paid over by the depositaries to the committee, and shall be applicable for any of the purposes of the plan and agreement as may be most convenient, and as may from time to time be determined by the committee, whose determination as to the propriety and purposes of any such application shall be final, and nothing in said plan shall be understood as limiting or requiring the application of specific moneys to specific purposes. No liability in respect of or in favor of any bonds, stocks, obligations, securities, or debts not called for and accepted on deposit hereunder, nor in favor of any lease or contract, is assumed hereunder, or by or for any new company (notwithstanding any mention thereof, or estimate in respect thereto, or reservation

of securities to provide therefor, in said plan), nor is any trust in their favor created or impressed upon any deposit or payment hereunder, or upon any securities to be issued under the plan.

Any obligation in the nature of floating debt or otherwise against the Union Pacific Railway Company or any property embraced in the plan, either as proposed or as carried out, or any securities held as collateral for any such obligation, may be acquired or extinguished or held by the committee at such times, in such manner, and upon such terms as it may deem proper for the purposes of reorganization, but nothing contained in the plan or in this agreement is intended to constitute, nor shall it constitute, any liability or trust in favor or in respect of any such obligation.

The committee shall have absolute and complete discretion and latitude in the use, disposition, or distribution of all securities of the new company which are specified in the plan as reserved for purposes therein stated and which are in excess of securities there embraced in the defined issues for reorganization purposes; and it may use, dispose of, distribute, or apportion any of such reserved securities of the new company in any manner and upon any terms which it may deem expedient or advisable to promote or accomplish the substantial objects and purposes of the plan and of this agreement. In case of any claim, lien, or obligation not herein fully provided for, and affecting the Union Pacific Railway Company, or any property or franchises thereof, the committee may from time to time make such compromise in respect thereto or provision therefor as it may deem suitable, using therefor any securities not expressly required for settlement with depositors; but the total amount of new securities to be created, as set forth in the plan, shall not be increased.

Fourth. The committee may from time to time make contracts or arrangements with any other committee, person, syndicate, or corporation for the purpose of carrying this agreement, or any of the provisions or purposes thereof, into effect. The committee may employ counsel, agents, and all necessary assistance, and may incur and discharge any and all expenses by the committee deemed reasonable for the purposes of this agreement. Its selection of the depositaries named in the plan, and any selections which may be hereafter made by it of further or substituted depositaries, are hereby authorized, ratified, and confirmed.

The committee may prescribe the form of all securities and of all instruments at any time to be issued or entered into under this agreement. It may create and provide for all necessary trusts, and may nominate and appoint trustees thereunder. It may, at public or private sale, or otherwise, dispose of any securities of the new company left in its hands because of any failure to make deposits hereunder. In so disposing of any such new securities thus left in its hands the committee may use the same or the proceeds thereof for the purpose of carrying out the reorganization in such manner as it may deem expedient and advisable.

Fifth. The committee may procure the organization of one or more new companies, or may adopt or use any existing or future companies, and may cause to be made such consolidations, leases, sales, or other arrangements, and may make, or cause to be made, such conveyances or transfers of any properties or securities acquired by the committee, and take such other steps as the committee may deem proper for the purpose of creating the new securities provided for in the plan, and carrying out all or any of the provisions thereof.

The committee may negotiate and agree with any and all companies or persons for obtaining or granting running powers, terminal facilities, exchanges of property, or any other conveniences which it may deem necessary or desirable to obtain or to grant, and may make contracts therefor binding upon such new company; and generally may authorize, ratify, and make such purchases, contracts, stipulations, or arrangements as will, in its opinion, operate directly or indirectly to aid in the preservation, improvement, development, or protection of any property of the Union Pacific Railway Company, or to prevent or avoid opposition to, or interference with, the successful execution hereof.

The committee may proceed under this agreement, or any part thereof, with or without foreclosure, and may exercise any power after foreclosure sale.

Any action contemplated in the plan or agreement to be performed on or after completion of reorganization may be taken by the committee at any time when it shall deem the reorganization advanced sufficiently to justify such course, and the committee may defer, as it may deem necessary, the performance of any provision of the plan or agreement, or may refer such performance to the new company.

Sixth. The bonds deposited under this agreement, and all receivers' certificates, coupons, and claims purchased or otherwise acquired under this agreement, shall remain in full force and effect for all purposes, and shall not be deemed satisfied, released, or discharged by the delivery to the depositors of new securities in respect of their deposits, and no legal right or lien shall be deemed released or waived, but said bonds and other claims, and any deficiency judgment obtained in respect of any of said deposited bonds, and any judgment upon any of such claims, and all liens and equities, shall remain unimpaired, and may be enforced by the committee or by the new company or other assigns of the committee until paid or satisfied in full or expressly released.

Neither the committee nor any bondholders or creditors of the Union Pacific Railway Company, by executing this agreement or by becoming parties thereto, release, surrender or waive any lien, right, or claim in favor of any stockholders or other parties interested in such company, and all such liens, rights, or claims shall vest unimpaired in the committee, and in the new company, as its assigns; and any purchase or purchases by or on behalf of the committee, or the new company, under any decree for the enforcement of any such lien, right, or claim shall vest the property purchased in the committee or the new company, free from all interest or claim on the part of such stockholders or other parties.

Seventh. The committee may construe this agreement (including the plan of reorganization), and its construction thereof or action thereunder in good faith shall be final and conclusive.

The committee may supply any omission or correct any error in the plan or in this agreement, and may modify or depart from any provisions thereof which it shall unanimously deem not to be substantial. In case, however, in the opinion of the committee, any substantial change or alteration of the plan or of this agreement shall be necessary, such amendment shall be made only in the following manner:

A copy of the proposed change or alteration shall be lodged with each of the depositaries under this agreement, and a notice thereof shall be advertised in the manner specified in article 10 hereof. Thereupon any holders of receipts or certificates of deposit who do not assent to such alteration may, at any time before a date specified in such advertisement, which date shall be at least twenty days after the first publication of such advertisement, withdraw the securities represented by their receipts or certificates of deposit upon surrendering their said receipts or certificates of deposit to the proper depositaries.

Any interest paid or advanced in purchase of coupons or otherwise to holders of receipts or certificates in respect of deposited bonds represented thereby, or in respect of the new bonds to be issued in exchange therefor under the plan, must, in such case, also be repaid with interest by the hold-

ers of such certificates of deposit before the deposited bonds represented by such certificates shall be surrendered in exchange therefor. Any assessments paid on deposited stock so withdrawn, or the proceeds of the use thereof, shall be returned to the holders of certificates of deposit representing such deposited stock, less a pro rata share of the expenses and other expenditures and compensation of the committee incurred up to the date of such withdrawal, which pro rata share shall be such as the committee shall estimate to be properly applicable to the stock so withdrawn.

All holders of certificates of deposit who shall not exercise this right to withdraw their securities within said time shall be deemed to have assented to and adopted such change or alteration and shall be bound thereby, and the committee shall be fully authorized to carry the same into effect with all the powers provided in this agreement.

Wherever the plan or this agreement is referred to in the plan or in this agreement, it shall be deemed to include any change or alteration thereof so adopted.

The plan may be abandoned by the committee at any time, notwithstanding it may have previously declared the same to be operative.

The committee may at any time abandon such portions and features of the reorganization as relate to any of the lines or parts of lines embraced in said plan, which lines or parts of lines, by reason of failure of holders to deposit securities affecting the same, or for any reason satisfactory to the committee, it may deem expedient to omit from the reorganization; and in such event the committee shall, upon the surrender of the corresponding certificates of deposit and reimbursement of advances in respect to the bonds represented thereby, as above provided in case of withdrawals, return to the holders the deposited bonds secured upon the lines or portions of lines thus omitted, and the securities apportioned in the plan to the bonds thus returned shall not be issued.

In case the committee shall finally abandon the entire plan, after having once declared it operative, the stock, bonds, and securities deposited hereunder, or their proceeds, or any stock, bonds, securities, or claims representative thereof, then under the control of the committee, shall be delivered to the several depositors in amounts representing their respective interests upon surrender of their respective receipts or certificates. In such case the assessment moneys paid by the depositing stockholders, or any coupons, notes, receivers' certificates, or other claims or property acquired therewith, or the proceeds thereof when received, shall be distributed or equitably adjusted among the respective holders of the receipts or certificates of deposit for stock in proportion to the amount of the assessment moneys paid thereon respectively.

Eighth. The action of a majority of the members of the committee, expressed from time to time, either at a meeting or in writing with or without meeting, shall for all purposes constitute the action of the committee, and have the same effect as if assented to by all. It may adopt its own rules of procedure. Any vacancy in the committee may be filled by appointment in writing by the remaining members or a majority of them, and the committee may by action of a majority of its members add to its number. All title, rights, and powers vested in the committee hereunder shall, from time to time, vest in the members of the committee for the time being without any further appointment, transfer, or assignment whatsoever. In case of absence, any member may vote by any other member as his proxy.

Any member of the committee may at any time resign by giving notice in writing to a majority of the remaining members, and the committee may give full release and discharge to any such member, or to the personal representative of any deceased member. The committee may act through subcommittees or agents, and may delegate any authority, as well as discretion, to any such subcommittee or agent. The committee, or the depositaries, or any present or future member of either, may be member of the committee or of the depositaries, and all or any of them may be or become pecuniarily interested in any contracts, property, or matters which this agreement concerns, including any syndicate agreement, whether or not mentioned in the plan. Any direction given by the committee shall be full and sufficient authority for any action of the depositaries or any trust company or other custodian, or for any subcommittee or agent.

Ninth. The committee undertakes in good faith to endeavor to carry out said plan and this agreement, but the members of the committee assume no personal responsibility for the execution thereof. No member of said committee shall be liable in any case for the acts of the other members or of any other committees or of any depositary, nor for the acts of their agents, subcommittees, or employees; nor shall they be personally liable for any error of judgment or mistake of law, but each shall be liable only for his willful misfeasance. No depositary shall be liable for the acts of the committee or of any other depositary hereunder, or of any agents of the committee or of any depositary.

The members of the committee shall be entitled to receive reasonable compensation for their services, and such compensation, with the reasonable expenses of said committee, shall be paid as part of the expenses of reorganization, the amounts of such compensation and expenses being first approved of by at least four members of the committee. The accounts of the committee shall be filed with the board of directors of the new company, and, when audited by said board of directors, shall be binding and conclusive on all parties, and the committee shall be thereby discharged, turning over to the new company any balance in the hands of the committee.

The acceptance of new securities by any depositor shall estop such depositor from questioning the conformity of such securities, as to character or otherwise, with any provision of said plan, and the acceptance of new securities by a majority in amount of any class of depositors shall so estop all depositors of such class.

Tenth. All calls for the deposit of bonds and stocks, for the payment of assessments, or for the surrender of certificates, all notices fixing or limiting the time for the deposit of securities or the payment of assessments, and all other calls or notices hereunder shall, except when otherwise provided, be inserted in two or more daily papers of general circulation published in the city of New York, and in one or more daily papers of general circulation published in the cities of London, Boston, Amsterdam, and Frankfurt, respectively, twice in each week for two successive weeks. Any call or notice whatsoever, when so published by the committee, shall be taken and considered as though personally served on all parties hereto and upon all parties becoming bound hereby, as of the respective dates of insertion thereof, and such publication shall be the only notice required to be given under any provision of this agreement.

Eleventh. This agreement shall bind the committee and their successors in office appointed in accordance herewith, and the depositors hereunder, their and each of their heirs, executors, administrators, successors, and assigns.

In witness whereof, the members of the committee have hereunto signed their names, and all other parties hereto have deposited securities as above set forth.

Mr. MORGAN. Mr. President, I have detained the Senate to have the agreement read when probably I might have obtained permission to incorporate it in my remarks, because I wanted to call attention to one or two points in it. I can not take time this

afternoon to go through the whole of it and to comment upon its very extraordinary provisions, but there are some things to be said about it that are perhaps necessary in order to explain and elucidate the situation to which we have become a party through this agreement of the President of the United States, if that agreement is binding in law or morals, as it is not.

First of all in this outgiving of the committee of reorganization there is no statement made as to who are the persons who first moved or consented together to raise the committee. We must assume that no such action as this would have been taken except in behalf of men, perhaps only three or four, who own a majority of the bonds and a majority of the stock in the Union Pacific Railroad Company. Some of the stockholders, I have shown, obtained their stock by fraud. That is the report of the investigating committee made to the Congress of the United States under the act of 1887. That report has never been contradicted.

On the contrary, some of these men have been under oath since that time, particularly Collis P. Huntington, in regard to the Central Pacific Railroad, and he has been compelled to reaffirm the statements made in that report, called the Pattison report. If I can have the consent of the Senate, I will insert in the RECORD, without reading, an extract from the report of Governor Pattison, which shows still more fully the dealings of these men with the company in obtaining this stock.

The PRESIDING OFFICER. Without objection, the extract will be printed in the RECORD.

The matter referred to is as follows:

By the foregoing tables it will be seen that the aid given to these companies amounted to \$447,729,470.54.

By the bond table it will be seen that the total loan by the Government in principal and interest payments will be \$178,884,759.50, toward the repayment of which the companies in eighteen years have accumulated only \$30,955,039.61.

By investing these corporations with the control of a public highway across the continent the Government reposed in them, as a reimbursement for their contemplated outlay in construction, the power to establish rates of transportation; that is, the power to levy toll upon all traffic which might pass over these avenues of trade.

At the time when the grants were made grave apprehensions were entertained by Congress and the people respecting the dangers which might follow the creation of corporations of such magnitude, because, in addition to the power to tax traffic and the advantage of limited responsibility which was conferred upon these aggregations of capital, they were endowed practically with perpetual succession and capacity for the accumulation and concentration of wealth and power—privileges which are denied to natural beings whose plans are spanned by the grave.

To guard against possible abuses of these great powers, and to insure good management and personal responsibility, Congress enacted that, in return for the nation's liberality, the companies should bind themselves to have their stock fully paid in cash, and that they should bind themselves also to build first-class roads, to carry for the Government at fair and reasonable rates (not exceeding the amounts paid by private parties for the same kind of service), and to operate all the lines in the Pacific system as one connected, continuous line, affording to each of the other roads equal facilities as to rates, time, and transportation, and to convey telegraphic messages upon equal terms for all persons. They were also bound to make annual reports, giving the names of their directors and officers and stockholders, and information bearing upon the amount of stock actually paid in and upon expenditures, receipts, and indebtedness.

CONSTRUCTION AND CAPITALIZATION.

With these legal obligations and covenants resting upon them, what did these companies do? The Union Pacific Railroad Company actually received in cash on account of stock payments the sum of only \$400,650, while it issued stock to the amount of \$38,782,300.

The Union Pacific (1,038.68 miles) was built for \$38,824,000, and the company issued bonds and stocks as follows:

First-mortgage bonds	\$27,237,000
United States bonds	27,236,512
Land-grant bonds	9,224,000
Income bonds	9,355,000
Stock	38,782,300

Cost of construction	109,814,812
	38,824,000

Fictitious capital	70,990,812

One thing is evident. After allowing for discount, the road was built for less than the proceeds of the first-mortgage and Government bonds, which had a face value of \$54,465,512, the builders taking as profit part of the proceeds of the sale of those bonds, as well as the income bonds, the land-grant bonds, and the stock, and charging up on the books of the company as cost of construction \$109,814,812.

The Congressional committee of investigation, generally known as "the Wilson committee," which investigated the construction of the Union Pacific, in commenting upon the evidence which it took in 1873, said that every precaution that Congress had taken for the proper management of these great properties had failed of its purpose. Congress had demanded that money be paid in and that this money should be subordinated to the Government lien. It had provided for the presence of five directors representing the Government in the meetings of the directors of the company; for the appointment of commissioners to pass upon the work of road construction as it progressed, and it had held the reserve power to alter, amend, or repeal; and yet the road was subjected to the most scandalous mismanagement.

The Wilson committee reported that large sums of money were borrowed by the corporation apparently to provide for the necessities of construction, but which were distributed in dividends among the corporators; that stock was not paid for in money; that some of the Government directors neglected their duties and others were interested in the fraudulent transactions of the company. One of the commissioners appointed to pass upon the condition of the road was paid \$25,000 in consideration of his signing, officially, a report accepting as first class a section of 120 miles of the road. The chief engineer, Peter A. Dey, resigned because the Hoxie contract was fixed at \$50,000, though his estimates were for \$30,000 per mile. His successor, Gen. G. M. Dodge, was interested in contracts for the construction of the road as a stockholder of the Crédit Mobilier. Oakes Ames, who was largely interested in the construction of the road, sold stock to members of Congress for prices much below the real

value of the shares, his philosophy being that, although these particular Congressmen had favored the Union Pacific road, they would take a livelier interest in its affairs if they were protecting their own property.

The Kansas Pacific aided portion (393.94 miles) was built for about \$11,800,000, under what was called "an exhaustive contract," which took all the bonds and stocks of the company, amounting to \$25,028,250, as follows:

First-mortgage bonds	\$6,303,000
United States bonds	6,303,000
Land grant	1,574,750
Second land grant	1,500,000
Income	4,275,000
Stock	5,072,500

Total	25,028,250
Cost of construction	11,800,000

Fictitious capital	13,228,250

The Central Pacific actually received less than \$760,000 in cash and bonds on account of stock subscription, while it issued stock to the amount of \$54,000,000.

The Central Pacific and Western Pacific aided portions (860.66 miles) were built for \$40,000,000; for which bonds and stocks were issued by Messrs. Leland Stanford, Collis P. Huntington, Mark Hopkins, and Charles Crocker, or under their direction, as follows:

Bonds	\$70,211,680
Stock	54,000,000

Total issue of bonds and stock	124,211,680
Cost of construction	40,000,000

Fictitious capital	84,211,680

The bonds, reduced to a gold basis, yielded \$52,708,742.55. So that the four men who managed that company profited to the extent of over \$12,000,000 in gold, in addition to \$52,000,000 of the stock which they divided among themselves and subsequently sold at high figures after declaring dividends to the amount of \$18,453,670.

Of the first-mortgage bonds, \$400,000 were used for purposes that no one has been able to explain. Four hundred thousand dollars more in those bonds was given away as bonus to stockholders for stock subscriptions.

It will be apparent from these figures that the roads were bonded and stocked on an excessive basis, the profits, amounting to \$172,347,115, going to construction companies or inside combinations, as follows:

Cost and capitalization.

Company.	Mileage.	Cost.	Capitalization in bonds and stocks.	Amount of fictitious capital in securities upon completion of road.
Union Pacific	1,038.68	\$38,824,000	\$109,814,812	\$70,990,812
Kansas Pacific	393.94	11,800,000	25,028,250	13,228,250
Central Branch	100	2,731,347	4,200,000	1,468,653
Sioux City and Pacific	107.77	2,600,000	5,047,730	2,447,730
Central Pacific	737.50	36,000,000	124,211,680	84,211,680
Western Pacific	123.16	4,000,000		
Total	2,495.05	95,955,347	268,302,462	172,347,115

The construction companies or inside combinations that built five of the six roads have destroyed or concealed their books, the exception being the Central Branch; and the commission has been embarrassed in its work by the refusal or failure of the companies to produce the accounts relating to the actual cost of construction or to exhibit any paper or documents that would enable the commission to ascertain the truth as to this most important factor in the investigation. The books of the Crédit Mobilier, which built the Union Pacific from Omaha to Ogden; the books of the Contract and Finance Company, which built the Western Pacific from San Jose to Sacramento and the Central Pacific from Sacramento to Ogden; the books of Shoemaker & Co., who built the Kansas Pacific; and the accounts of John I. Blair, who built the Sioux City and Pacific Railroad—all these are missing. From the minutes and accounts of the railroad companies, and from fragmentary information gathered from various sources, it is disclosed that the officers of at least three of these companies made false statements under oath in affidavits now on file in the Interior Department. From these affidavits the following has been compiled:

Stock table.

Company.	Stock actually paid in.	Stock paid in as sworn to.	Name of deponent.	Date of affidavit.
Union Pacific	\$400,650	\$38,782,300	Oliver Ames	Sept. 27, 1870
Kansas Pacific	250,000	5,072,500	R. E. Carr	Sept. 28, 1872
Central Pacific	760,000	54,283,190	Leland Stanford	Sept. 18, 1871
Central Branch	386,700	980,600	R. M. Pomeroy	Sept. 21, 1869
Total	1,797,350	97,098,590		

It is no answer to the Government that the managers of these companies did only that which the managers of railroads in other sections did. These lines were built upon public credit. They were public highways in the broadest sense of that term. The managers were acting as trustees of a national highway, and they can not plead any lawful justification for making false affidavits which state that \$97,098,590 of stock was actually paid for, when in fact less than two millions had been so paid for.

During the five years from 1864 to 1869, upon the claim that their roads were fully completed, these companies obtained bonds from the Government; but when the Government called upon them to pay a percentage of their net earnings into the Treasury, as was stipulated in the original contract, they contended that their roads were not fully completed until 1874, and refused to make any payments to the Government, though one of them, the Central Pacific, had been declaring dividends in the meantime. They resisted the claims and demands of the Government at every point, and resorted to every device their ingenuity could invent in their efforts to evade the plain requirements of the law.

In transporting troops and supplies for the Government they violated the contract obligation to charge reasonable rates by charging more than they charged to private shippers for the same kind of service. The reports of the Union Pacific show that the average rates paid by the Government to that corporation were higher than those received by that company from other sources. The same is more or less true of the other bond-aided companies. The overcharges upon the Government by the Central and Union Pacific companies since 1880 are estimated to have been as follows:

Union Pacific.....	\$802,407.33
Central Pacific.....	167,558.63

PROFITS OF \$278,023,357.63 IN OPERATING THE ROADS.

The reports of these companies show the following figures relating to operation, disclosing a profit or net earnings of \$278,023,357.63, equaling \$15,000,000 a year:

Earnings table.

Road.	Gross earnings.	Operating expenses.	Net earnings.
Union and Kansas Pacific.....	\$315,303,504.66	\$169,916,078.90	\$145,387,425.76
Central Pacific Railroad, from 1863 to December 31, 1886.....	274,139,116.27	149,199,102.40	124,940,013.87
Sioux City and Pacific Railroad, from July 30, 1869, to June 30, 1887.....	9,187,359.50	6,423,596.82	2,763,762.68
Central Branch Union Pacific.....	12,849,463.47	7,917,908.15	4,932,555.32
Total.....	611,470,443.90	333,456,086.27	278,023,357.63

OVER \$25,000,000 FOR POOLS, REBATES, AND OVERCHARGES.

In addition to the gross earnings given as above, the bond-aided companies received the following sums, which they subsequently paid out on account of pools, subsidies, rebates, overcharges, etc.:

Pools, rebates, and overcharges.

Road.	Pools.	Rebates and overcharges.	Total.
Union Pacific.....	\$4,004,512.48	\$11,577,091.62	\$15,581,604.10
Kansas Pacific.....			401,832.01
Sioux City and Pacific.....			9,832,799.61
Central Pacific.....			
Total.....			25,860,235.72

THE MANAGEMENT CONTEMPLATED BY CONGRESS AND THE METHOD ACTUALLY PURSUED.

Had the Pacific railroads been built and managed upon honest methods: had the Government loan been properly applied, these companies, regarded as a whole, could have declared dividends at the rate of 6 per cent per annum for eighteen years, from the date of actual completion to the present time, upon all the moneys that they would have been required to pay in to complete and equip the roads; they would have owned 2,495 miles of roads free from all debt, and worth \$124,600,000, upon an original outlay of less than \$35,490,381.44; three of them, the Union Pacific, Central Pacific, and Central Branch, could have repaid every cent of the principal and interest advanced by the Government to date, and could have reduced their charges to shippers to the extent of over \$140,000,000, or nearly \$8,000,000 per year.

For \$1 the stockholders would have realized \$1.07 in dividends in eighteen years and \$1.11 in land sales. The property would have been free from debt, and for every dollar that they had invested the stockholders would have had in property over \$4; so that in eighteen years each dollar would have yielded \$6.18.

But they chose dishonest methods. At the outset they divided \$172,347,115 of fictitious capital; they dissipated over \$107,000,000 which should have been applied to the payment of the principal and interest of the Government debt, and they taxed shippers to the extent of over \$140,000,000, or nearly \$8,000,000 a year, to pay for the inflation of the capital of these companies and for the vicious practices that crept into their management.

Mr. MORGAN. The majority of the bondholders and these fraudulent stockholders have combined together to organize this committee. That is evident. If that is not evident, then the committee are a mere set of interlopers who are in here for the purpose of making salaries out of the wreck of this railroad, they themselves preparing every facility for carrying the wreck into full and disastrous effect. They are not representing themselves simply. They are interested in this property and also represent other men who are interested in it. Therefore they meet together at some place, at some time, and in some manner, which is not described in the agreement at all, and they enter upon and promulgate this very peculiar agreement.

This combination between these fraudulent stockholders and the majority of the bondholders is carried into effect by the agreement which constitutes this committee, of which Fitzgerald is chairman; and the President of the United States dealt with Fitzgerald as chairman and attempted to convey to him these rights of the United States, including the sinking fund and the right to become really the only and exclusive bidder at the forced sale of this great railroad under a decree of foreclosure; and in doing so he attempted to commit the balance of the bondholders and the stockholders and the creditors and the rights of the United States into the hands of this committee to be disposed of under the terms of this extraordinary agreement.

The agreement goes on to prescribe the terms upon which stockholders and bondholders shall be admitted to participate in the advantages of this wrecking process, and the time within which they shall come in, and the stockholders are required to submit to an assessment of \$15 a share, which, when it is made, will be

the only money ever paid upon the stock. Various penalties are inflicted by the agreement upon those who come in as well as upon those who stay out, and the arbitrary power is given to them even to change the agreement from time to time as they may see proper to do. When it comes to the disposal of the railroad property, which the agreement shows is to be sold under a decree of some court, the purchasers of the property, being the committee, have the right to sell it or to lease it or to convey it to any persons whatsoever.

I call special attention to the provisions of the agreement upon that subject, because they are utterly destructive of the relations between a railroad corporation and a government, whether it is the Government of the United States that charters the company or whether it is the government of a State. In all railroad corporations, of course, there are mutual obligations and duties—duties that are made incumbent upon the corporators, with reference to the general public, and especially with reference to persons who become the patrons of the road; duties and powers on the part of the Government to control the corporation in the exercise of its functions. These are all parted with under the sale made to the Fitzgerald combine. They are all to be concentrated in this combine, under the Utah statute, and controlled by this committee of reorganization.

What is to become of this road; who is to own it; what use is to be made of it after the sale has been made, is more than any man can conjecture, except that it is to be placed in the hands of these wreckers for the purpose of using it to their advantage, and, of course, to make all that can be made out of the people who are the patrons of the road and are bound to be taxed, at their sweet will, for its support.

It was to that feature more than any other that I desired to call special attention. But, sir, this is not the only remarkable feature of this affair. There also exist the power to alter the agreement, the power to change it at will, merely by publishing a notice that they have changed it, the power to revoke it, the power to abandon it at any time they see proper, which power is reserved also in the letters that passed between Mr. Hoadly and Mr. Harmon and Mr. Fitzgerald. They can play fast and loose. They can be bound by their agreement or they can get rid of it, and in the event of their getting rid of it the deposit which has been made in the national depository of the United States at New York does not inure to the Government of the United States. There is no penalty, no forfeiture, no right to claim it. They can abandon the contract at any minute they please. When the property is put up for sale, they are not bound to buy it. All they have to do is to take the risk of the disposal of the forfeiture money put up in the hands of the national depository of the United States at New York, the subtreasury.

Having got before the Senate this agreement and the report of the commissioners of the United States in regard to the contract of these people, I turn now to the statement that they have made and submitted here, and I will ask that it be printed in the RECORD. It is a statement of all the relations of this railroad to the United States, to the first-mortgage holders, to the stockholders, and to the reorganization committee as they are proposed to be fixed by the agreement.

The PRESIDING OFFICER. In the absence of objection, the paper will be printed in the RECORD.

The paper referred to is as follows:

To the security holders of the Union Pacific main lines proper, inclusive of the Kansas Pacific line:

The system of the Union Pacific Railway Company having become dismembered, and the holders of the securities of the branch lines having already taken steps for their own protection, it has become evident that the holders of the various kinds of bonds secured upon the main stem of the Union Pacific Railway Company, including the Kansas Pacific line, must combine in order to protect themselves.

The main difficulty in effecting a prompt reorganization of the Union Pacific Railway Company proper is in the impracticability thus far experienced of reaching a settlement with the United States Government, which holds a second lien upon the Union Division, from Omaha to a point 5 miles west of Ogden, 1,038 miles, and on the Kansas Division, from Kansas City (exclusive of the Kansas City (Mo.) terminals) west to the three hundred and ninety-fourth milepost in Kansas, but which has no lien upon that part of the Kansas Pacific line between the three hundred and ninety-fourth milepost and Denver, 245 miles, nor on the Leavenworth Branch, Leavenworth to Lawrence Junction, 32 miles, nor on the Cheyenne Division, Denver to Cheyenne, 104 miles.

Congress having thus far been unwilling to pass any legislation authorizing a settlement, it becomes imperatively necessary on the part of the holders of the first-mortgage bonds, of which part have already matured, and all of which will mature within the next few years, to combine for an enforcement of their prior lien. Eminent counsel have advised that the lien of the first-mortgage bonds may be effectively foreclosed; and while it is very desirable to make a settlement with the United States Government, and to continue efforts in this direction, further delay on the part of the first-mortgage bondholders in protecting themselves by securing their legal rights would be likely to become dangerous and to result in loss.

The undersigned have been asked by large interests to formulate and proceed with a reorganization which shall at once secure to the holders of the first-mortgage and other bonds requiring consideration in reorganization a full return in new securities of the successor company with fixed charges based upon the lowest results from the operation of the main line and the Kansas Pacific and Denver Pacific lines which have been obtained during the times of the greatest depression. A plan is submitted herewith to the

consideration of the security holders which, it is believed, fully carries this purpose into effect, and at the same time secures to first-mortgage bondholders the payment of the matured and maturing interest until it shall become practicable to carry out the reorganization. Should this end, contrary to expectation, not be attained, the bonds which holders are requested to deposit without delay will be returned without expense.

Prompt action on the part of bondholders in uniting being imperative, the time during which deposits can be made has been limited to December 31, 1895, after which date no bonds will be admitted, unless otherwise determined, except upon the payment of a penalty of 5 per cent.

Stockholders must likewise deposit their share certificates, properly indorsed, prior to December 31, 1895, but will not be required to pay any part of the assessment of \$15 a share until the same is called for hereafter by the committee after the plan shall have been declared operative. Upon stock deposited after December 31, 1895, the assessment will be at the rate of \$20 a share, unless otherwise determined, \$5 of which shall be payable at the time of deposit, as a penalty.

In case the reorganization is abandoned without having been declared operative, holders of receipts will receive back the shares to which they are entitled, without expense to them, on surrender of their receipts, properly indorsed, at the depositories which issued them.

Deposits may be made at any of the depositories on and after November 1, 1895, from which date matured coupons on first-mortgage bonds will be cashed as provided in the plan.

The committee may at any time after December 31, 1895, alter the penalties above specified or decline to receive further deposits of bonds or stock.

The Mercantile Trust Company of New York has been designated as the central depository both for the bonds and the stock (with auxiliary depositories as set forth in the plan), and will issue engraved certificates of deposit, for the listing of which application will be made to the New York Stock Exchange at the proper time. Temporary receipts will be issued in exchange for securities deposited until the engraved certificates shall be ready.

Protective committees already organized in the interests of the holders of either of the classes of bonds embraced in the plan are invited to confer and cooperate with this committee in respect to such interests.

LOUIS FITZGERALD,
JACOB H. SCHIFF,
T. JEFFERSON COOLIDGE, JR.,
CHAUNCEY M. DEPEW,
MARVIN HUGHITT,
OLIVER AMES, 2d,

Committee.

NEW YORK, October 15, 1895.

REORGANIZATION OF THE UNION PACIFIC RAILWAY COMPANY.

STATEMENT.

Mileage.

The main lines of the Union Pacific Railway Company are as follows:

	Miles.
Union Division—Council Bluffs to a point 5 miles west of Ogden	1,048.01
Kansas Division—Kansas City to Denver	643.55
Leavenworth Branch—Lawrence to Leavenworth	31.93
Cheyenne Division—Denver to Cheyenne	104.10
Total main-line mileage	1,827.59

Lands.

The outstanding land and town-lot contracts on December 31, 1894, were as follows:

Union Division	\$2,727,480.27
Kansas Pacific and Denver Pacific divisions	3,435,271.28
Total	6,162,751.55

It is believed that a considerable amount of these contracts will, as a result of the recent industrial depression, be canceled, in which event the figures in the following table should be correspondingly increased.

The acreage and estimated value of unsold land-grant lands, excluding those under contract, on December 31, 1894, were as follows:

Division.	Acres.	Estimated value.
Union	3,345,000	\$3,157,000
Kansas Pacific and Denver Pacific	3,179,000	10,201,500
Total	6,524,000	13,358,500

Funded debt (October 1, 1895).

	Amount.	When due.
Union division:		
Union Pacific first mortgage 6s	\$27,229,000	Jan. 1, 1896-1899.
Union Pacific land grant 7s	7,000	Apr. 1, 1889.
Union Pacific sinking fund 8s	3,730,000	Sept. 1, 1899.
Union Pacific Omaha Bridge 8s	508,000	Apr. 1, 1896.
Union Pacific Omaha Bridge renewal 6s	1,056,000	Oct. 1, 1915.
Union Pacific collateral trust 6s*	3,626,000	July 1, 1908.
Union Pacific collateral trust 5s*	4,677,000	Dec. 1, 1907.
Union Pacific collateral trust 4½s*	2,030,000	Nov. 1, 1918.
Union Pacific equipment trust 5s*	1,149,000	1896 to 1900.
Union Pacific collateral trust notes 6s*	8,610,000	Aug. 1, 1894.
	52,622,000	
Kansas Pacific and Cheyenne divisions and Leavenworth Branch:		
Eastern division 6s	2,240,000	Aug. 1, 1895.
Middle division 6s	4,063,000	June 1, 1896.
Denver extension 6s	5,887,000	May 1, 1899.
Kansas Pacific consolidated 6s	11,724,000	May 1, 1919.
Kansas Pacific income 7s	263,700	July 1, 1916.
Kansas Pacific income subordinated 7s	4,011,650	Do.
Kansas division and collateral 6s	5,000,000	May 1, 1921.
Denver Pacific first mortgage 7s	975,000	May 1, 1896.
Leavenworth Branch first mortgage 7s	600,000	Jan. 1, 1896.
	34,764,350	

* Not embraced in reorganization.

Funded debt (October 1, 1895)—Continued.

	Amount.	When due.
Indebtedness to the Government:*		
For principal	\$33,539,512	Nov. 1, 1895, to Jan. 1, 1899.
For interest (approximately, after deducting estimated value of the sinking fund)	19,500,000	
	53,039,512	
Total funded debt	140,425,862	

Capital stock:

The capital stock of the Union Pacific Railway Company outstanding is \$60,968,500

* NOTE.—The lien of the Government for the security of this debt is a second lien subordinate to the lien of the first-mortgage bonds on the Union division and of the eastern and middle division bonds on the Kansas division. The proportions of the principal of the debt (\$33,539,512) applicable to the Union and Kansas divisions, respectively, are as follows:

Union division debt to the Government	\$27,236,512
Kansas division debt to the Government	6,303,000

Fixed charges.

The interest on the debt to the United States (principal \$33,539,512) has been an accumulating obligation, diminished only by application of withheld compensation for Government service and by sinking-fund receipts. The accumulated interest, now aggregating, after all deductions, more than \$19,000,000, will mature, it is claimed, with the maturity of the principal of the debt which now impends.

In the following table, which states the fixed charges of the Union Pacific Railway Company (proper for each of the five years from 1890 to 1894, inclusive, the following liabilities are not included:

1. The excess of interest on the debt to the Government over the percentage of net earnings applicable to it under the Thurman and other acts.*
2. Interest on bonds held in main-line mortgage trusts under conversion provisions.
3. The obligations under guaranties, determined by the deficit in the operations of auxiliary lines to meet interest or provide the traffic receipts guaranteed by the Union Pacific Railway Company.

Fixed charges or deductions from net earnings:

Year.	Interest on bonds.	Sinking funds.	Government requirements.	Total charges.
1890	\$4,613,097.85	\$705,458.75	\$1,041,153.43	\$6,359,710.03
1891	4,782,230.29	708,332.50	1,278,488.82	6,769,051.61
1892	5,371,587.40	705,172.50	1,338,044.37	7,414,804.27
1893	4,902,594.03	666,182.50	1,203,303.78	6,772,080.23
1894	4,767,613.81	677,685.00	1,249,061.46	6,694,360.27

Average charges as above for five years, \$6,802,001.28.

* NOTE.—The annual interest charge accumulating on this debt is \$2,012,370.72, less the deductions above explained.

EARNINGS.

The following table shows the gross and net earnings resulting from the operation of the Union Pacific main lines (exclusive of the company's income from other sources) for each of the ten years from 1885 to 1894, inclusive:

Year.	Gross earnings.	Net earnings; taxes deducted.	Year.	Gross earnings.	Net earnings; taxes deducted.
1885	\$17,455,031.51	\$8,404,676.31	1890	\$20,438,208.36	\$7,274,759.06
1886	17,806,132.59	7,522,707.02	1891	19,687,738.48	7,846,451.70
1887	19,546,088.62	9,111,886.85	1892	20,361,401.66	8,550,288.22
1888	19,898,816.93	8,119,468.16	1893	17,376,792.11	6,204,716.81
1889	19,775,555.84	8,286,679.63	1894	14,739,436.76	4,315,077.25

Average net earnings for ten years, \$7,563,669.10.

General considerations.

1. The mortgage debt, for which provision is made in the following plan for reorganization, is exclusive of main-line bonds held in trusts or sinking funds under mortgages in the proposed reorganization, the issues being reduced to that extent for reorganization purposes.

The bonds thus available under new plan, without the necessity for provision in new securities, are as follows:

Omaha Bridge renewal 5 per cent bonds (held by the receivers)	\$322,000
Eastern Division bonds (held in Denver Extension sinking fund)	304,000
Middle Division bonds (held in Denver Extension sinking fund)	385,000
Denver Extension bonds (held in Denver Extension sinking fund)	1,781,000
Kansas Pacific consols, (held in Kansas Pacific further security trust and by the receivers)	120,000
Kansas Pacific income sevens, unsubordinated (held in Kansas Pacific consolidated mortgage trust)	252,900
Kansas Pacific income sevens, subordinated (held in Kansas Pacific consolidated mortgage trust)	3,988,550
Denver Pacific first mortgage sevens (held in Kansas Pacific consolidated mortgage trust)	971,000
Leavenworth Branch first mortgage sevens (held in Kansas Pacific consolidated mortgage trust)	585,000

2. Nor does the reorganization include provision for the collateral trust obligations of the Union Pacific Railway Company. The securities embraced in these trusts are largely those of companies which have already, by orders of court made in the original general receivership cause or in independent foreclosure proceedings, lost in part or in whole their character as portions of what has been distinctively known as the Union Pacific system. Independent reorganizations of many of these properties are pending.

The purposes which brought into existence guaranties of the obligations of many of these auxiliary companies have been accomplished by construction and otherwise, and considerations will not exist under reorganization for continued relations with these properties upon the basis of an assumption of any

of their fixed charges. Geographical conditions and considerations of mutual advantage point to a continued operation of such of these auxiliary properties as have had a demonstrated value in harmony with that of the reorganized company, and relief from the burden of these guaranties will, it is believed, be an advantage obtained without detriment to the earning capacity of the property.

3. The total charges for the prosperous year of 1892 (including interest on fixed bonds, mortgage sinking funds, Government deductions and requirements, and other charges made up in large part of guaranty obligations) aggregated the sum of \$7,881,475.44, or a sum greater by \$881,475.44 than an amount necessary to pay the annual interest on the maximum mortgage debt and full dividend on the maximum issue of preferred stock contemplated in the following plan of reorganization.

The maximum interest and dividend requirements under the plan applied to the average annual net earnings of the past ten years shows these results:

Net earnings:
Average net earnings of Union Pacific Railway (proper) for ten years, 1885 to 1894, inclusive..... \$7,563,669

Interest and dividends:
Annual interest on the maximum issue of \$100,000,000 4 per cent bonds under following plan..... 4,000,000
Annual 4 per cent dividend on the maximum issue of \$75,000,000 preferred stock..... 3,000,000

Interest and dividends on preferred stock..... 7,000,000
Average surplus over interest and full dividends on preferred stock..... 563,669

NOTE.—The lowest net earnings realized by the Union Pacific Railway were those of the year 1894, when they were \$4,315,077.25, or \$315,077.25 in excess of interest on the maximum amount of bonds as proposed in the following plan.

PLAN.

It is proposed, through such foreclosure proceedings as the committee shall cause to be instituted or shall adopt, or through such other means as the committee shall determine, that a new company shall succeed to (or that the present company reorganized upon the basis of indebtedness fixed in this plan shall retain) the main lines and lands covered by the mortgages included in the plan.

The new company shall issue the following new securities:

First-mortgage railway and land grant fifty-year 4 per cent gold bonds..... \$100,000,000
Four per cent preferred stock..... 75,000,000
Common stock..... 61,000,000

New bonds.—The new bonds shall be dated January 1, 1897, and shall bear interest from that date, payable on the 1st days of each January and July thereafter, until maturity. They shall be secured by a first-mortgage lien upon all the main-line mileage of the Union Pacific Railway Company, upon the equipment acquired by the new company, and upon the unsold lands and the land contracts embraced in the trusts of the Union Pacific land-grant and sinking-fund mortgages, the Denver Extension first mortgage, the Kansas Pacific consolidated first mortgage, and the Denver Pacific first mortgage, and upon such branch lines of railway as the committee shall avail of through the ownership of branch-line bonds in the trust of the Kansas Pacific consolidated first mortgage.

Distribution of new company's securities.

	New 4 per cent 50-year gold bonds.		New preferred stock.		New common stock.
	Per cent.	Amount.	Per cent.	Amount.	
For Union division debt:					
1. Union Pacific first mortgage 6s.....	100	\$27,229,000	50	\$13,614,500	
2. Land grant 7s *.....					
3. Sinking fund 8s.....	100	3,730,000	50	1,865,000	
4. Omaha Bridge 8s.....	100	508,000	50	254,000	
5. Omaha Bridge renewals 6s.....	100	734,000	25	183,500	
For Kansas division debt:					
1. Eastern Division 6s.....	100	1,936,000	50	968,000	
2. Middle Division 6s.....	100	3,678,000	50	1,839,000	
3. Denver Extension first 6s.....	100	4,106,000	50	2,053,000	
4. Consolidated first-mortgage 6s.....	80	9,283,200	50	5,802,000	
Consolidated first defaulted interest †.....			25	2,901,000	
5. Income 7s (unsubordinated).....	80	8,880	50	5,550	
6. Income 7s (subordinated).....	80	16,440	50	10,275	
7. Leavenworth Branch 7s.....	80	12,000	50	7,500	
8. Denver Pacific first 7s.....	80	3,200	50	2,000	
9. Kansas Division and collateral mortgage 6s.....			50	2,500,000	
For assessment on common stock.....			100	9,130,275	
In exchange for common stock of Union Pacific Railway Company on which assessment is paid under the plan.....					\$80,868,500
For compensation to reorganization syndicate and bankers.....				6,000,000	
Total defined issues for reorganization purposes.....		51,244,720		47,135,600	60,868,500

Distribution of new company's securities—Continued.

	New 4 per cent 50-year gold bonds.		New preferred stock.		New common stock.
	Per cent.	Amount.	Per cent.	Amount.	
Reserved to dispose of equipment obligations and for reorganization and corporate uses.....		\$13,000,000		\$7,000,000	
Balance reserved for settlement of the debt to the United States and for extraordinary requirements ‡.....		35,755,280		20,864,400	\$131,500

*The Union Trust Company of New York, trustee under the land-grant mortgage, has funds in hand with which to pay the \$7,000,000 outstanding bonds.

†Should a greater or less amount of interest than that here estimated be in default on these bonds at the date from which the new bonds bear interest, the provision in preferred stock will be varied accordingly so as to equal in amount such defaulted interest. Interest received by the committee on deposited bonds of this class will be accounted for to the holders of corresponding certificates of deposit.

‡Company owes about \$83,000,000, inclusive of interest on Government advances.

New preferred stock.—The new preferred stock shall be entitled to 4 per cent noncumulative dividends, payable out of the net or surplus earnings of the reorganized company before the payment of any dividend on the common stock.

The following will be the cash provisions for first-mortgage bonds: Through arrangements made with the syndicate hereafter mentioned, the following cash provisions are made in respect to defaulted and future interest on present outstanding first-mortgage bonds of the Union Pacific and Kansas Pacific Railway companies, as shown in detail below.

First. The coupons now in default upon present first-mortgage bonds are to be purchased in cash for account of the syndicate at the time of the deposit with the committee of the bonds to which they pertain.

Second. Coupons maturing on deposited first-mortgage bonds in the interval between the deposit thereof under the plan and the date from which bonds of the new company are to bear interest (January 1, 1897) are to be purchased by the syndicate from the committee, which in turn shall apply the amounts so received, at the respective due dates of the coupons, to the payment of corresponding installments on its outstanding certificates applicable to such deposited bonds.

Third. At the time of the issue of the new 4 per cent bonds the difference between the interest at their rate and at the rate of the present first-mortgage bonds (i.e., the rate difference of 2 per cent shall be adjusted in cash covering the periods between January 1, 1897, and the respective dates of the maturity of the present bonds. The proportion of the current semiannual interest installments which shall have accrued on January 1, 1897, on such of said bonds as do not bear January coupons, shall be likewise provided for in cash at the time of the delivery of the new bonds.

The bonds to which the foregoing cash provisions apply and the extent of the cash requirements to meet these provisions are thus shown:

Union Pacific first 6s (due in installments January 1, 1896, to January 1, 1899, inclusive):	
Defaulted coupons of January 1 and July 1, 1895.....	\$1,633,740
Interest maturing during pendency of plan, to and including January 1, 1897.....	2,450,610
Adjustment of interest as between rates of old and new bonds—2 per cent per annum from January 1, 1897, to maturity of old bonds:	
On \$1,920,000 bonds, due July 1, 1897.....	\$19,200
On \$5,999,000 bonds, due January 1, 1898.....	119,980
On \$8,837,000 bonds, due July 1, 1898.....	265,110
On \$2,400,000 bonds, due January 1, 1899.....	96,000
Kansas Pacific, Eastern Division, first 6s (matured August 1, 1895):	500,290
Defaulted coupons of August, 1894, and February and August, 1895.....	201,600
Interest maturing during pendency of plan to January 1, 1897.....	190,400
Kansas Pacific, Middle Division, first 6s (due June 1, 1896):	365,670
Defaulted coupons of June 1 and December 1, 1894, and June 1, 1895.....	385,985
Interest maturing during pendency of plan to January 1, 1897.....	706,440
Kansas Pacific, Denver Extension, first 6s (due May 1, 1896):	412,090
Defaulted coupons of May 1 and November 1, 1894, and May 1 and November 1, 1895.....	274,727
Interest maturing during pendency of plan to January 1, 1897.....	7,121,552

In all cases where the foregoing provisions apply to semiannual interest installments not represented by coupons because of the prior maturity of the principal of the bonds, the syndicate will take assignments of such interest installments from holders presenting their bonds for deposit, or from the committee as to such bonds as shall have been deposited, and will hold and treat such assignments in the manner hereinafter provided with respect to coupons taken up by the syndicate.

Assessment.

The common stock of the present company will be assessed at the rate of \$15 per share.

Shareholders paying the assessment of \$15 per share will receive the amount of the assessment (viz, \$15 per share) in new preferred stock at par, and will also receive par of their present common stock in common stock of the new company.

Shareholders who do not pay their assessments as called will forfeit their rights. The stock assessment will be underwritten before the plan is declared operative.

The proceeds of the assessment shall be applicable to the cash requirements of this plan as herein provided, and to such requirements as shall be fixed and determined by the committee, including such expenses and charges as it shall make or incur in the premises, and suitable compensation to the members of the committee.

The amount of this assessment shall be payable at such times and in such installments as the committee shall determine after the plan has been declared operative, but not more than \$5 per share shall be called in any consecutive thirty days.

Reorganization syndicate.

A reorganization syndicate has been organized under the management of Messrs. Kuhn, Loeb & Co., bankers, to furnish the sum of \$10,000,000 for the following purposes:

1. To purchase all the interest coupons on first-mortgage bonds now in default.
2. To purchase as they shall mature hereafter the interest coupons on first-mortgage bonds, and also the semiannual assignments of interest accruing on bonds already matured during the pendency of the plan and until it shall become operative.
3. To purchase, if it shall be found advisable for the promotion of the reorganization, any outstanding first-mortgage bonds and Omaha bridge bonds, and to deposit the same under this plan; and, if it shall be found advisable, to purchase all or any defaulted or future maturing coupons or interest assignments on Omaha bridge bonds.

Coupons and interest assignments purchased for account of the syndicate shall be deposited in the Mercantile Trust Company of New York, which shall issue its certificates for the same to the syndicate, or such other course shall be taken in respect thereto as shall be determined by the committee and the bankers to effectively and conveniently carry out this feature of the plan, and as will secure to the syndicate all rights of the bondholders in and to the coupons and interest claims so purchased and in and to the lien and right of enforcement of the lien thereof.

Such steps shall be taken in respect to all purchased coupons and interest assignments as will secure a valid claim for cumulative interest in favor of the reorganization syndicate.

The right is reserved on behalf of the committee, with the assent of the bankers, to call for an increase of the amount required to be advanced by the syndicate to \$15,000,000.

The syndicate is to advance a sum not exceeding \$100,000 for expenses, repayable with 6 per cent interest after the plan shall have been declared operative.

All advances made by the syndicate shall be repayable to it in gold.

Six million dollars of preferred stock are to be turned over as compensation to the syndicate, of which the bankers are to retain one million as their own compensation.

Limitations of time.

For declaring plan operative.—The time for declaring this plan operative is to be limited to December 31, 1896, with the right on the part of the committee to extend the time for six months—namely, to June 30, 1897. Notice that the plan is operative shall be given by publication through each of the depositaries hereinafter mentioned.

For deposit of securities.—The time for the deposit of bonds receivable under this plan and of the shares of stock of the present company is limited to December 31, 1895, after which date no bonds will be admitted except upon the payment of a penalty of 5 per cent. Upon shares of stock deposited after the time above limited (December 31, 1895) the assessment will be at the rate of \$20 a share. After the expiration of the limit of time the penalty of \$5 a share will be payable at the time of deposit, and will not be refunded.

Deposits may be made on and after November 1, 1895. The committee reserves the right at any time to alter the penalties above specified or decline to receive further deposits of bonds or stock.

Should it in the opinion of the committee appear desirable to make any substantial alterations in the foregoing plan, it shall make publication of such proposed alterations for at least twenty days, during which time the security holders not approving of the proposed alterations shall be permitted to surrender their certificates of deposit and withdraw their securities, upon refunding with 6 per cent interest the amounts advanced in purchase of the coupons and interest assignments on their respective bonds.

Securities receivable on deposit under this plan.

The following securities will be received under this plan at either of the depositaries hereinafter mentioned:

BONDS.

1. Union Pacific Railroad Company's first-mortgage bonds.
2. Union Pacific Railroad Company's sinking fund mortgage bonds.
3. Union Pacific Railroad Company's Omaha Bridge 8 per cent mortgage bonds.
4. Union Pacific Railway Company's Omaha Bridge renewal bonds.
5. The Union Pacific Railway Company Kansas Division and collateral mortgage bonds.
6. (Kansas Pacific) Union Pacific, Eastern Division, first-mortgage bonds.
7. (Kansas Pacific) Union Pacific, Middle Division, first-mortgage bonds.
8. Kansas Pacific Railway, Denver Extension, first-mortgage bonds.
9. Kansas Pacific Railway consolidated first-mortgage bonds.
10. Kansas Pacific Railway income bonds.
11. Leavenworth branch bonds.
12. Denver Pacific Railway and telegraph first-mortgage bonds.

Also:

STOCK.

13. The certificates of stock of the present company.

Depositaries.

The Mercantile Trust Company of New York.
Old Colony Trust Company, of Boston.
Bank of Montreal, of London.
Amsterdamsche Bank, of Amsterdam.
Deutsche Vereinsbank, of Frankfort-on-Main.

Bonds and shares may be deposited by the holders thereof in either of the above-named depositaries, who shall issue their own negotiable certificates. After the plan has become operative, the committee may order the transmission of securities deposited in any one of the depositaries into the keeping of The Mercantile Trust Company of New York, who shall constitute the central depositary, and who shall thereupon issue its own engraved certificates for the previously issued certificates of the branch or auxiliary depositaries.

Until the plan shall have been declared operative, depositors of bonds in either of the depositaries may apply to have their bonds transferred to any other depositary, upon payment of the expense thereof, and shall be entitled to the certificates of the last depositary upon the surrender of the certificates previously issued to such depositors.

Holders of securities who shall have deposited the same in any one of the foreign auxiliary depositaries shall, where such securities have had the foreign government stamp attached, be entitled to receive the new securities likewise with the foreign government stamp.

For further particulars and powers of the committee, depositors are referred to the agreement of which this plan is a part.

Mr. MORGAN. I call attention to some of these statements. The total main-line mileage provided for under the agreement is 1,827.59 miles. The outstanding land and town lots, contracts for

lots sold, land sold, on December 31, 1894, was \$6,163,751.55. All those outstanding obligations pass, under this agreement of the President of the United States, into the hands of Louis Fitzgerald and company.

Now, the funded debt of the Union Pacific Company, as it is described in this statement on the 1st of October, 1895, is stated by them here to be \$52,622,000. Of that sum the first mortgage sixes is \$27,229,000, due January 1, 1896, to 1899, covering that period of time. It then goes on to mention the rest of the funded debt, as follows:

Funded debt (October 1, 1895), Union Division:	
Union Pacific first mortgage 6s	\$27,229,000
Union Pacific land grant 7s	7,000
Union Pacific sinking fund 8s	3,730,000
Union Pacific Omaha bridge 8s	508,000
Union Pacific Omaha bridge renewal 5s	1,053,000
Union Pacific collateral trust 6s*	3,621,000
Union Pacific collateral trust 5s*	4,677,000
Union Pacific collateral trust 4s*	2,031,000
Union Pacific equipment trust 5s*	1,149,000
Union Pacific collateral trust notes 6s*	8,610,000

In all, amounting, as I have stated, to the sum of \$52,622,000. That is the funded debt that is to be taken care of under this agreement. It assumes the whole amount of the first mortgage bond, and then adds to that amount these various issues of bonds, which, by the agreement, if it is executed, will be placed in priority over the United States. They exclude all other obligations of the company, but they take in this funded debt and make that the basis of the new operation of the reorganization of the company.

Then they add to that Eastern Division sixes, Middle Division sixes, Denver Extension sixes, Kansas Pacific consolidated sixes, Kansas Pacific income sevens, Kansas Pacific income subordinated sevens, Kansas Division and collateral fives, Denver Pacific first-mortgage sevens, and Leavenworth Branch first-mortgage sevens, amounting to the additional sum of \$34,764,350, and these are to have the privilege of the reorganization and of priority. They are to be brought in here as if they were first-mortgage liens upon this property, made so by the agreement between the holders of the first-mortgage bonds and the stockholders, or some of the stockholders, of this company.

But, sir, that does not include all the stockholders. There are some honest men who are stockholders and who are entirely left out of this agreement, who can not get into it. They are complaining here. They are writing letters. I will insert a circular in my remarks from H. W. Rosenbaum, who is one of that class, and who is very much aroused about the loss that he has sustained, and also his associates in the ownership of these classes of stock.

The circular referred to is as follows:

NEW YORK, July 6, 1897.

The carrying out of the present reorganization plan of the Union Pacific Railway Company, with its \$55,000,000 new preferred stock which is to be created thereunder, would be a great wrong, and a national disgrace and disaster.

In order to prevent this it is absolutely necessary that Congress should take immediate steps during the present session. Foreclosure proceedings are steadily progressing, and the promoters of the scheme maintain that it is too late now for Congress to interfere, and that after their having made the contract with the Government Congress would be powerless to prevent the carrying out of the agreement. They further assert that they will obtain a decree of sale within a very few weeks, and that the whole matter will be accomplished and a sale of the road and of the Government claim will take place before Congress reconvenes.

The Union Pacific Railroad does not need a reorganization plan. It requires only a refunding plan of its mortgage debt on a lower basis of interest and commensurate with the prevailing standard rate of interest. The company is absolutely and perfectly solvent, and would be able to adjust its whole indebtedness satisfactorily to all creditors—if this powerful reorganization combination had not blocked the way to the company for obtaining the necessary assistance—by enlisting and interesting in its scheme every prominent banking house in New York, London, Amsterdam, and Berlin, as well as many directors of the company.

There are many ways possible by which Congress can prevent this disgraceful scheme, which entails infinite and unnecessary loss to thousands of innocent shareholders, and compels the Government to accept an enormous and needless sacrifice. The simplest way would be either of the following:

First. That the United States Treasury pay off the first mortgage, and then extend the whole debt at, say, even 8 per cent and a 1 per cent sinking fund, which would cancel the debt in about forty-seven years; or

Second. That Congress enact the proper laws which would enable the company to extend its first-mortgage debt now due at a lower rate of interest, or to pay off the mortgage from the proceeds of a new first mortgage to be created, aggregating about the same amount as the present mortgage, the Government to receive the full face value of its claim in second-mortgage bonds.

These bonds could be held in the United States Treasury as a current asset and be sold by the Government at its own convenience and at such times and prices as may be decided upon. Even in this way the Government would realize much more for the claim than the present syndicate contemplates to pay therefor, as the present bid averages only about 53 per cent of the claim.

There is no doubt that the company will, at all times, be fully able to meet the interest on the debt, and that many favorable offers will be made for the bonds by various syndicates and investors.

If either of these two fundamental ideas be adopted by Congress, a great victory for common honesty and decency will be won. In any event, however, Congress should prevent the sale of the road and of the Government claim until after a full investigation of all the facts has taken place.

Yours, very respectfully,

H. W. ROSENBAUM.

*Not embraced in reorganization.

Mr. MORGAN. It is upon this basis that they build the total funded debt that is provided for in this agreement at \$140,425,863, when in fact, according to the most extreme assertion that can be made in this case, the whole amount of the prior mortgage is that which is called the first-mortgage sixes, amounting, as they say, to \$27,299,000. They put the capital stock, then, of the Union Pacific Railroad Company outstanding at \$60,868,500. How they get at that I do not comprehend. It makes no particular difference.

Then for the purpose of recommending this scheme to the stockholders and bondholders of the company, including the other bonds which have been made by this agreement prior to the first-mortgage bonds of the company, "the following table," they say, "shows the gross and net earnings resulting from the operation of the Union Pacific main lines (exclusive of the company's income from other sources) for each of the ten years from 1885 to 1894, inclusive." The average net earnings for that period of time, according to their statement, has been \$7,563,669.10 for each of those years by the Union Pacific Company. They put that statement out, giving the dates and the amounts earned in each year, for the purpose of inducing these men to go into this arrangement and to convince them that by going into it they are getting a magnificent property, which yielded an average, as I have said, of \$7,563,669.10 of net earnings every year from 1885 to 1894, for a paltry sum. It is, indeed, a booming speculation.

They then go on to state the available assets which they expect to put into this fund. I will not stop to repeat it, but it is a very large amount of bonds which are held by different people. They then speak about the auxiliary companies that they have gotten rid of, and felicitate themselves on their success in having gotten rid of those auxiliary companies—those companies that were built out of the money of the Union Pacific Railroad Company contrary to law and for the diversion of which these men are responsible now to the Government of the United States.

I quote the following from their address recommending the "combination:"

Nor does the reorganization include provision for the collateral trust obligations of the Union Pacific Railway Company. The securities embraced in these trusts are largely those of companies which have already, by orders of court made in the original general receivership cause or in independent foreclosure proceedings, lost in part or in whole their character as portions of what has been distinctively known as the Union Pacific system. Independent reorganizations of many of these properties are pending.

The purposes which brought into existence guaranties of the obligations of many of these auxiliary companies have been accomplished by construction and otherwise, and considerations will not exist under reorganization for continued relations with these properties upon the basis of an assumption of any of their fixed charges. Geographical conditions and considerations of mutual advantage point to a continued operation of such of these auxiliary properties as have had a demonstrated value, in harmony with that of the reorganized company, and relief from the burden of these guaranties will, it is believed, be an advantage obtained without detriment to the earning capacity of the property.

All of which means that when the companies reorganize these men will come back for their shares in the property, and will receive it.

In their address they say, further, that—

The total charges for the prosperous year of 1892 (including interest on fixed bonds, mortgage sinking funds, Government deductions and requirements, and other charges made up in large part of guaranty obligations) aggregated the sum of \$7,881,475.44, or a sum greater by \$81,475.44 than an amount necessary to pay the annual interest on the maximum mortgage debt and full dividend on the maximum issue of preferred stock contemplated in the following plan of reorganization:

The maximum interest and dividend requirements under the plan applied to the average annual net earnings of the past ten years shows these results:

NET EARNINGS.

Average net earnings of Union Pacific Railway (proper) for ten years, 1885 to 1894, inclusive..... \$7,563,669

INTEREST AND DIVIDENDS.

Annual interest on the maximum issue of \$100,000,000 of 4 per cent bonds under following plan..... 4,000,000
Annual 4 per cent dividend on the maximum issue of \$75,000,000 preferred stock..... 3,000,000

They issue \$75,000,000 of preferred stock, give a 3 per cent dividend upon it, and guarantee it to the holders:

Then they make this conclusive statement:

Interest and dividends on preferred stock..... \$7,000,000
Average surplus over interest and full dividends on preferred stock..... 563,669

Why shall the United States lose \$25,000,000 for the purpose of giving away such a property to the wreckers of the Fitzgerald combine?

Is it peace and freedom from public cares that we are seeking when we donate this great dividend-paying property to this combine to get rid of a vexed question? Are we callous to the appeals of a wronged and overburdened people, and, in our indifference to their rights, are we to hand them over to these wreckers to again become a helpless prey to their cupidity?

For capitalizing this property that cost them only \$28,000,000 and creating upon it this preferred stock of \$75,000,000 and a bond mortgage at 4 per cent on \$100,000,000 they have \$563,669 annually to pay on the stock that is not preferred—the most ex-

orbitant profit that possibly can be conceived of in respect to a property of this kind.

Note in italics:

The lowest net earnings realized by the Union Pacific Railway were those of the year 1891, when they were \$4,315,077.25, or \$315,077.25 in excess of interest on the maximum amount of bonds as proposed in the following plan.

That is the lowest. Then they go on to give the plans by which they will raise money to build up this new monopoly of the earnings of the industrial classes. Pardon me for thus again presenting in these quotations the dangerous point in this unexampled outrage on the whole country. It can not be too seriously considered.

They are to issue new bonds. Who will provide the money to pay these bonds?

The new bonds shall be dated January 1, 1897, and shall bear interest from that date, payable on the 1st days of each January and July thereafter until maturity. They shall be secured by a first-mortgage lien upon all the main line mileage of the Union Pacific Railway Company, upon the equipment acquired by the new company, and upon the unsold lands and the land contracts embraced in the trusts of the Union Pacific land-grant and sinking-fund mortgages, the Denver extension first mortgage, the Kansas Pacific consolidated first mortgage, and the Denver Pacific first mortgage, and upon such branch lines of railway as the committee shall avail of through the ownership of branch line bonds in the trust of the Kansas Pacific consolidated first mortgage.

Who is to get this new preferred stock?

The new preferred stock shall be entitled to 4 per cent noncumulative dividends, payable out of the net or surplus earnings of the reorganized company before the payment of any dividend on the common stock.

What class of these alleged creditors is to be favored with this "preferred stock" and its dividends, guaranteed at 4 per cent per annum? What do they pay for it, and who will be taxed in freight rates to pay the dividends on this inflated stock? The people will answer in time, and with no uncertain voice.

Then they go on to give the distribution of the new company's security to the persons who become the subscribers to this contract.

CASH PROVISIONS FOR FIRST-MORTGAGE BONDS.

Through arrangements made with the syndicate, hereafter mentioned, the following cash provisions are made in respect to defaulted and future interest on present outstanding first-mortgage bonds of the Union Pacific and Kansas Pacific railway companies, as shown in detail below.

I will not go through the whole of it, but will call attention to the first and second:

First. The coupons now in default upon present first-mortgage bonds are to be purchased in cash for account of the syndicate at the time of the deposit with the committee of the bonds to which they pertain.

Second. Coupons maturing on deposited first-mortgage bonds in the interval between the deposit thereof under the plan and the date from which bonds of the new company are to bear interest (January 1, 1897) are to be purchased by the syndicate from the committee, which in turn shall apply the amounts so received, at the respective due dates of the coupons, to the payment of corresponding installments on its outstanding certificates applicable to such deposited bonds.

Then it goes on with a further statement of all these different adjustments:

In all cases where the foregoing provisions apply to semiannual interest installments not represented by coupons, because of the prior maturity of the principal of the bonds, the syndicate will take assignments of such interest installments from holders presenting their bonds for deposit, or from the committee as to such bonds as shall have been deposited, and will hold and treat such assignments in the manner hereinafter provided with respect to coupons taken up by the syndicate.

Now, here are the assessments:

The common stock of the present company will be assessed at the rate of \$15 per share.

Shareholders paying the assessment of \$15 per share will receive the amount of the assessment (viz, \$15 per share) in new preferred stock at par, and will also receive par of their present common stock in common stock of the new company.

Shareholders who do not pay their assessments as called will forfeit their rights. The stock assessment will be underwritten before the plan is declared operative.

The proceeds of the assessment shall be applicable to the cash requirements of this plan as herein provided, and to such requirements as shall be fixed and determined by the committee, including such expenses and charges as it shall make or incur in the premises, and suitable compensation to the members of the committee.

A reorganization syndicate has been organized under the management of Messrs. Kuhn, Loeb & Co., bankers, to furnish the sum of \$10,000,000 for the following purposes:

1. To purchase all the interest coupons on first-mortgage bonds now in default.
2. To purchase as they shall mature hereafter the interest coupons on first-mortgage bonds, and also the semiannual assignments of interest accruing on bonds already matured during the pendency of the plan and until it shall become operative.
3. To purchase, if it shall be found advisable for the promotion of the reorganization, any outstanding first-mortgage bonds and Omaha Bridge bonds, and to deposit the same under this plan; and, if it shall be found advisable, to purchase all or any defaulted or future maturing coupons or interest assignments on Omaha Bridge bonds.

The syndicate is to advance a sum not exceeding \$100,000 for expenses, repayable with 6 per cent interest after the plan shall have been declared operative.

All advances made by the syndicate shall be repayable to it in gold. Six million dollars of preferred stock are to be turned over as compensation to the syndicate, of which the bankers are to retain one million as their own compensation.

Here is a list of thirteen securities that will be "received under this plan at either of the depositories hereinafter mentioned:" First, Union Pacific Railway Company's first-mortgage bonds; second, Union Pacific Railway Company's sinking-fund-mortgage bonds; third, Union Pacific Railway Company's Omaha Bridge 8 per cent mortgage bonds; fourth, Union Pacific Railway Company's Omaha Bridge renewal bonds; fifth, the Union Pacific Railway Company, Kansas Division and collateral mortgage bonds; sixth (Kansas Pacific), Union Pacific, Eastern Division, first mortgage bonds; seventh, (Kansas Pacific), Union Pacific, Middle Division, first mortgage bonds; eighth, Kansas Pacific Railway, Denver extension first-mortgage bonds; ninth, Kansas Pacific Railway consolidated first-mortgage bonds; tenth, Kansas Pacific Railway income bonds; eleventh, Leavenworth Branch bonds; twelfth, Denver Pacific Railway and Telegraph first-mortgage bonds; thirteenth, the certificates of stock of the present company.

Mr. President, when the President agreed to this plan and agreement for the reorganization of the Union Pacific Railway Company, and recognized Fitzgerald as the man who could deal with the United States for securing the benefits which are conferred on his committee in the several letters that have been read here, he attempted to put all of the creditors of this company, all of the first-mortgage bondholders, and all of the stockholders who could not or did not choose to come into this arrangement, at the mercy of this committee of reorganization.

Now that the Government of the United States can be involved in a cutthroat transaction like that against its own citizens, its own people, and in favor of foreigners who hold the majority of the bonds is something that to me, Mr. President, is inconceivably horrible. I can not understand how any person could take the rights of American citizens and subject them to such outrageous treatment as is thus given to them by making the United States Government a party of the other part to the combination that is created by that agreement.

I think I have got this subject intelligently before the Senate. I will not indulge myself in making the comments upon it that rise in my thoughts, but I will leave it to the cool and quiet reflection of Senators and of the people of the United States whether Mr. Cleveland had the right, as President of this country, to subject any class of our citizens, the bondholders for whom this sinking fund stands as absolute security, or any of the creditors of this company, to the merciless exactions of this syndicate, and to their power to freeze them out and deprive them of their rights absolutely. Whenever that contract made between Fitzgerald and the last Administration is confirmed by a court or confirmed by the inattention and neglect of the Congress of the United States, we have then made ourselves a party to this whole arrangement, and there will be no chance to escape from it in law, and none to escape from the shame that it will inflict upon this country.

These facts have been only indistinctly known and conjectured until to-day, and are not yet fully developed. They have been kept in the background. This agreement, which is an essential part of Fitzgerald's authority to deal with this Government, was not brought forward and no notice is taken of it in the correspondence. The sinking fund, which by the Thurman Act is absolutely dedicated to the payment of certain claims and demands, which the Government of the United States stands pledged to, is allowed by this agreement to be taken and perverted so that Fitzgerald and his associates shall have the benefit of it and of its leverage and power to oppress and crush out other men, like Rosenbaum, who are concerned in this railroad as stockholders or bondholders.

In order to make this matter perfectly plain, I have only to read the act of 1878 in one particular:

SEC. 8. That said sinking fund so established and accumulated shall, according to the interest and proportion of said companies respectively therein, be held for the protection, security, and benefit of the lawful and just holders of any mortgage or lien debts of such companies respectively, lawfully paramount to the rights of the United States, and for the claims of other creditors, if any, lawfully chargeable upon the funds so required to be paid into said sinking fund, according to their respective lawful priorities, as well as for the United States, according to the principles of equity, to the end that all persons having any claim upon said sinking fund may be entitled thereto in due order; but the provisions of this section shall not operate or be held to impair any existing legal right, except in the manner in this act provided, of any mortgage, lien, or other creditor of any of said companies respectively, nor to excuse any of said companies respectively from the duty of discharging, out of other funds, its debts to any creditor except the United States.

When we laid our hands upon the revenues of the Union Pacific Company arising out of its regular operations as a railroad company, and when we required them also, in addition to the receipts that might come into the Treasury of the United States from that source, to apply an actual money payment annually into that sinking fund, we exercised as much power over that corporation and all of its property, its assets, its income, and its dues, as if the corporation and all of these things had actually belonged to the United States.

No man and no government can exercise powers of this kind over the property of another man or any corporation unless the power is given by statute. The power was so given; and has

been employed. The right to employ it has been controverted up through the courts until it has reached the Supreme Court of the United States, and they have decided that the Congress of the United States had the right to do that with the property of the Union Pacific Railroad Company.

Having that right, and having accumulated this fund under that right, having dedicated it to the trust which is placed upon it, without discrimination in favor of any bondholder or any creditor, or against any of these people, for us to turn around and put it in the power of Fitzgerald and his syndicate to take this property and freeze men out, throw them aside, and say that they shall have no interest in the sinking fund or the property of the Union Pacific Railroad Company in its reorganization, is an act of shameless wrong on the part of the Government of the United States which is unaccountable and unpardonable. We can not take that sinking fund or any of the assets of the Union Pacific Company and apply them to the purposes as set forth and agreed upon between these railroad wreckers in this Fitzgerald agreement.

Sir, that agreement and the men connected with it ought to be rebuked, I care not how high they may stand in the estimation of the world. They have undertaken to violate expressly the statutes of the United States, not in spirit only, but in letter. The act, if consummated, between the last Administration and Fitzgerald will be a repeal of the eighth section of the Thurman Act; it will stand as if it had never been enacted; and how any court in Christendom, even by the consent of the parties concerned, can find jurisdiction or authority thus to set aside a statute and to take from the men who are interested as beneficiaries the advantages of this express statutory trust, is something that to my mind, Mr. President, is absolutely incomprehensible. I have not got sense enough to see it if it is right.

I wish now to call attention to the act of 1887, as it is quoted in the resolution of the Senator from Kansas, reported back by the Committee on Pacific Railroads. Let me state—and I have the resolution before me here to show it—that the authority of the Attorney-General to file the bill of foreclosure of the lien of the United States, mark you, upon the subsidy bonds is expressly stated in that bill to be the fourth section of the act of 1887:

The United States of America, by Judson Harmon, Attorney-General, acting in the premises by direction of the President of the United States, under the authority of the tenth section of the act of Congress approved May 7, 1878, and entitled "An act to alter and amend the act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July 1, 1862, and also to alter and amend the act of Congress approved July 2, 1864, in amendment of said first-named act," and under the authority of the fourth section of the act of Congress approved March 3, 1887, entitled "An act authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes."

That is the bill which I suppose was filed in Kansas, though it is not stated in the title of the bill that was given here where it was filed. In the other bill, which is filed in Nebraska, the authority quoted for the filing of the bill is the section I am about to read, section 4 of the act of 1887, and no other authority is pretended.

Now, let us look at that act. Let us view that in the plain, practical, common-sense, unavoidable construction that every man must put upon it; and in doing that, Mr. President, I must express my astonishment that any lawyer could ever have found under this section 4 authority for foreclosure of the subsidy lien of the United States.

It has no reference to it. It has reference to the first-mortgage lien, and only that. At the time and in the very act in which the Pattison commission was created to go out and investigate into these railroad corporations, the Government of the United States became aware that combinations were about to be formed for the foreclosure of this first mortgage; that advantages were being sought then by the very men who are trying to work them now to get the whole power of these mortgages into their control, and through them to control the railroads.

There then existed in the Congress of the United States a party that were apprehensive that the Government would be swamped and overflowed by the immensity of these debts, and that Congress would hesitate to make the appropriations necessary; but, sir, the whole subject underwent a most thorough discussion in the Congress of the United States, and they resolved upon two things. One was to send out this commission to investigate this subject to the very bottom and report back to Congress by the first day of the next ensuing Congress; and the other was to do what is required here.

What is that? Not to wait for a default on the first-mortgage bonds and proceed to foreclosure, but long before any forfeiture had taken place, or any failure had occurred to pay these bonds at maturity, or to pay the interest upon them, Congress anticipated what might be done, and conferred upon the President of the United States an authority in advance, whenever he might think it was proper for the protection of the United States, to pay off those mortgages and become subrogated to the rights of the mortgagors,

and then to proceed upon that mortgage, to which the Government was thus subrogated, to make a foreclosure by calling in the assistance of a court.

Of course that was an actual mortgage; it was drawn up and signed and trustees were interposed in the mortgage, and that mortgage could not be done away with except by a decree of foreclosure, for no sale was provided for under the mortgage itself by the trustee. That was a case of actual foreclosure of an actual mortgage, and not the enforcement of a Government lien. They are just as distinct, Mr. President, as things can be. Both in fact and in legal significance they are utterly different. Anticipating what might take place—

Mr. BUTLER. Will the Senator allow me?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. MORGAN. Yes.

Mr. BUTLER. If it is entirely agreeable to the Senator from Alabama, I ask him if he will be willing to continue his remarks on Monday? If so, with his permission, I will move that the Senate adjourn.

Mr. MORGAN. After I get through with this point, I will give my consent to that motion, and thank the Senator for his intervention.

Now I will read that section 4:

SEC. 4. That whenever, in the opinion of the President, it shall be deemed necessary to the protection of the interests and the preservation of the security of the United States in respect of its lien, mortgage, or other interest in any of the property of any or all of the several companies upon which a lien, mortgage, or other incumbrance paramount to the right, title, or interest of the United States for the same property, or any part of the same, may exist and be then lawfully liable to be enforced, the Secretary of the Treasury shall, under the direction of the President, redeem or otherwise clear off such paramount lien, mortgage, or other incumbrance by paying the sums lawfully due in respect thereof out of the Treasury—

Here is an appropriation of money; and if the President would order the money to be paid, no man could fault with him for it. The payment would be entirely according to the act of appropriation made in this law—

and the United States shall thereupon—

Upon those conditions, upon the happening of those events—

become and be subrogated to all rights and securities theretofore pertaining to the debt, mortgage, lien, or other incumbrance in respect of which such payment shall have been made. It shall be the duty of the Attorney-General, under the direction of the President, to take all such steps and proceedings, in the courts and otherwise, as shall be needful to redeem such lien, mortgage, or other incumbrance, and to protect and defend the rights and interests of the United States in respect of the matters in this section mentioned, and to take steps to foreclose any mortgage or lien of the United States on any such railroad property.

There the right given and the right attempted to be exercised under this bill, which predicates the authority of the court to act in the premises upon the fourth section of this act, is the right to foreclose or to pay off all prior incumbrances; and when that is done, for which the money is actually appropriated, then the President may direct the Attorney-General to proceed to demand and claim the subrogation to that lien and its foreclosure by the assistance of a court. That has been attempted to be applied to the lien of the United States. It never had any reference to the lien of the United States. Our bonds were not then due; they were not about to fall due. No default in the payment of the subsidy bonds was in prospect at that time.

We had no right to recover back the interest from that company under a decision of the Supreme Court upon the subsidy bonds until the last one of them had matured. So that all of the right of the United States to proceed for a foreclosure to pay those subsidy bonds was not in contemplation when this act of 1887 was enacted, and nothing has occurred since that time to alter the situation.

Therefore this fourth section had reference alone to the first-mortgage bonds, which were required then to be paid off and the Government to be subrogated to that right; and then, after the subrogation, foreclosure was to take place; but instead of that, instead of paying off these bonds, the President of the United States says, "Go and sell the interest of the United States and protect us against these bonds;" and the only word of protection contained in all these letters is the suggestion of Mr. Fitzgerald in one of his letters that \$45,000,000 is to be paid, over and above the first-mortgage lien, so as to protect the Government of the United States. There is no guaranty, no provision for it; nothing that could be enforced by specific performance.

It is a mere indefinite statement of Mr. Fitzgerald that that is what the contract means. Suppose it does mean that, the President of the United States did not have the authority to ask Mr. Fitzgerald to protect the United States against these bonds. The President could not enter into an agreement with him under any law that existed on the statute book to protect the Government of the United States against these bonds. His duty was a plain one. The money was appropriated in this act, and his duty was to pay off the bonds. How easy it is for the President of the United States to pay off these bonds. According to the statement made

in this agreement, which I have just read, of Mr. Fitzgerald and his associates, there is in the registry of that court cash and cash assets which, when they are added to the amount of the sinking fund in the Treasury of the United States, are more than sufficient to pay off the whole of the first-mortgage indebtedness.

Hence it is that Attorney-General McKenna, in reply to the resolution of the Senate, says this company is not insolvent. He was bound to state that, and he stated that this company is not insolvent. What, then, are we doing here? Here is a company that, in the hands of receivers and in the hands of the Treasurer of the United States, has money enough to pay off its indebtedness. It is represented as being insolvent, and is carried into court upon that representation, and the very money which is in the hands of these people is to be handed over to Fitzgerald to enable him to become a bidder for the property when it is sold. Ah, sir, that is a shameful transaction.

More than that. The other day I called the attention of the Senate specifically to the terms of the statute under which these first-mortgage bonds were issued. They are payable in lawful money of the United States; and the bill filed by Dexter & Ames says that they were payable in lawful money of the United States in 1865, when they were passed, but in 1868 the contract was novated, drawn anew, and stamped upon the back of each one of these bonds—so the bill states—whereby the obligation was changed from lawful-money payment to payment in gold coin. Whatever effect that may have upon the rights of the parties as between themselves, a subsequent mortgagee of this property has the right to demand that the property, if foreclosed and sold, shall be foreclosed and sold in compliance with the original contract, for that is the one which the statute authorized to be made, and none other. But instead of doing that they have got a new contract, made three years later, upon which they are now prosecuting their suit for the foreclosure of that first mortgage.

Mr. President, nothing can be plainer, it seems to me, than that, as between the United States and the holders of these first-mortgage bonds, they having accepted these bonds with this new contract stamped upon them, not recited in the mortgage and not in accordance with the statute, the priority is gone; they have waived it. I do not say, sir, that even under such circumstances as that the Government of the United States might not still have some moral obligation to assume these bonds and to pay them, notwithstanding the novation of the contract, but I do say, as a matter of law, that that lien as to the United States is gone, and that this bill, filed upon a contract of that kind, can not be sustained upon that ground, can not be the basis of the foreclosure of that mortgage against the objection of the United States or of any person concerned.

Now, having restated that point, Mr. President, I will yield the floor.

Mr. BUTLER. I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate adjourned until Monday, July 19, 1897, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate July 17, 1897.

DISTRICT JUDGE.

Charles S. Johnson, of Alaska, to be United States district judge for the District of Alaska, vice Arthur K. Delaney, to be removed.

COLLECTORS OF INTERNAL REVENUE.

David A. Nunn, of Tennessee, to be collector of internal revenue for the Fifth district of Tennessee, to succeed Frank P. Bond, removed.

Frederick E. Coyne, of Illinois, to be collector of internal revenue for the First district of Illinois, to succeed William J. Mize, resigned.

COMMISSIONER-GENERAL OF IMMIGRATION.

Terence V. Powderly, of Pennsylvania, to be Commissioner-General of Immigration, to succeed Herman Stump, resigned.

REGISTER OF LAND OFFICE.

George W. Heist, of Nebraska, to be register of the land office at Sidney, Nebr., vice John M. Adams, resigned.

POSTMASTERS.

Samuel S. Dingee, to be postmaster at Wilmette, in the county of Cook and State of Illinois, the appointment of a postmaster for the said office having, by law, become vested in the President on and after July 1, 1897.

M. A. Gilson, to be postmaster at Harvey, in the county of Cook and State of Illinois, in the place of Jeremiah O'Rourke, removed.

Huit H. Nutter, to be postmaster at Martinsville, in the county of Morgan and State of Indiana, in the place of Henry Shireman, jr., removed.

John W. Dexter, to be postmaster at Croswell, in the county of Sanilac and State of Michigan, the appointment of a postmaster

for the said office having, by law, become vested in the President on and after July 1, 1897.

Priscilla S. Scruggs, to be postmaster at Holly Springs, in the county of Marshall and State of Mississippi, in the place of David McDowell, removed.

Riley S. Hart, to be postmaster at Lyons, in the county of Burt and State of Nebraska, in the place of Allen T. Hill, removed.

Fred Bostwick, to be postmaster at Pine Plains, in the county of Dutchess and State of New York, in the place of Frank Eno, removed.

William R. Duvall, to be postmaster at Circleville, in the county of Pickaway and State of Ohio, in the place of Charles McLean, removed.

CONFIRMATIONS.

Executive nominations confirmed by the Senate July 17, 1897.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

William L. Merry, of California, to be envoy extraordinary and minister plenipotentiary of the United States to Nicaragua, Costa Rica, and Salvador.

GOVERNOR OF ARIZONA.

M. H. McCord, to be governor of Arizona.

MINISTER RESIDENT AND CONSUL-GENERAL.

Horace N. Allen, of Ohio, now secretary of legation and vice and deputy consul-general at Seoul, to be minister resident and consul-general of the United States to Korea.

CONSULS.

John F. Caples, of Oregon, to be consul of the United States at Valparaiso, Chile.

Charles Deal, of New York, to be consul of the United States at St. Johns, Quebec.

Grenville James, of New York, to be consul of the United States at Prescott, Ontario.

Edmond Z. Brodowski, of Illinois, to be consul of the United States at Breslau, Germany.

William Harrison Bradley, of Illinois, to be consul of the United States at Tunstall, England.

James M. Shepard, of Michigan, to be consul of the United States at Hamilton, Ontario.

Adam Lieberknecht, of Illinois, to be consul of the United States at Zurich, Switzerland.

Daniel T. Phillips, of Illinois, to be consul of the United States at Cardiff, Wales.

Radcliffe H. Ford, of Maine, to be consul of the United States at Yarmouth, Nova Scotia.

John C. Covert, of Ohio, to be consul of the United States at Lyons, France.

Charles W. Erdman, of Kentucky, to be consul of the United States at Fürth, Germany.

William L. Sewell, of Ohio, to be consul of the United States at Toronto, Ontario.

Charles A. McCullough, of Maine, to be consul of the United States at St. Stephen, New Brunswick.

Mahlon Van Horne, of Rhode Island, to be consul of the United States, at St. Thomas, West Indies.

William W. Henry, of Vermont, to be consul of the United States at Quebec, Canada.

William K. Anderson, of Michigan, to be consul of the United States at Hanover, Germany.

Samuel E. Magill, of Illinois, to be consul of the United States at Tampico, Mexico.

Delmar J. Vail, of Vermont, to be consul of the United States at Charlottetown, Prince Edward Island.

PROMOTIONS IN THE NAVY.

Lient. Charles E. Colahan, to be a lieutenant-commander.

Lient. (Junior Grade) Theodore G. Dewey, to be a lieutenant.

Ensign Henry F. Bryan, to be a lieutenant, junior grade.

The following-named assistant surgeons to be passed assistant surgeons:

Henry La Motte.

Charles E. Riggs.

James F. Leys.

Richard G. Broderick.

Frank C. Cook.

Ammen Farenholt.

Charles P. Kindleberger.

APPOINTMENT IN THE NAVY.

Timothy S. O'Leary, a citizen of Massachusetts, to be an assistant paymaster.

COMMISSIONERS TO EXAMINE AND CLASSIFY LANDS.

Roland T. Rombauer, of Princeton, Mont., to be a commissioner to examine and classify lands within the land-grant and indemnity land-grant limits of the Northern Pacific Railroad Company, in the Missoula land district in Montana.

Edwin S. Hathaway, of Missoula, Mont., to be a commissioner to examine and classify lands within the land-grant and indemnity land-grant limits of the Northern Pacific Railroad Company, in the Missoula land district in Montana.

William V. Tompkins, of Prescott, Ark., to be a commissioner to examine and classify lands within the land-grant and indemnity land-grant limits of the Northern Pacific Railroad Company, in the Missoula land district in Montana.

Joseph C. Auld, of Glendive, Mont., to be a commissioner to examine and classify lands within the land-grant and indemnity land-grant limits of the Northern Pacific Railroad Company, in the Bozeman land district in Montana.

James A. Johnson, of Bozeman, Mont., to be a commissioner to examine and classify lands within the land-grant and indemnity land-grant limits of the Northern Pacific Railroad Company, in the Bozeman land district in Montana.

Watson Boyle, of Washington, D. C., to be a commissioner to examine and classify lands within the land-grant and indemnity land-grant limits of the Northern Pacific Railroad Company, in the Bozeman land district in Montana.

RECEIVERS OF PUBLIC MONEYS.

William Q. Ranft, of Missoula, Mont., to be receiver of public moneys at Missoula, Mont.

Richard H. Jenness, of Atkinson, Nebr., to be receiver of public moneys at O'Neill, Nebr.

C. Frost Liggett, of Sheridan Lake, Colo., to be receiver of public moneys at Lamar, Colo.

COLLECTORS OF CUSTOMS.

George W. McCowan, of New Jersey, to be collector of customs for the district of Bridgeton, in the State of New Jersey.

Frederick D. Huestis, of Washington, to be collector of customs for the district of Puget Sound, in the State of Washington.

PENSION AGENT.

Cyrus Leland, jr., of Troy, Kans., to be pension agent at Topeka, Kans.

UNITED STATES ATTORNEY.

Isaac E. Lambert, of Kansas, to be attorney of the United States for the district of Kansas.

POSTMASTERS.

William L. Roach, to be postmaster at Muscatine, in the county of Muscatine and State of Iowa.

John W. Palm, to be postmaster at Mount Pleasant, in the county of Henry and State of Iowa.

William A. Stevens, to be postmaster at Columbus, in the county of Bartholomew and State of Indiana.

James W. Hughes, to be postmaster at Birmingham, in the county of Jefferson and State of Alabama.

W. Lee Brand, to be postmaster at Salem, in the county of Roanoke and State of Virginia.

H. B. Woodfin, to be postmaster at National Soldiers' Home, in the county of Elizabeth City and State of Virginia.

E. G. Darden, to be postmaster at Hampton, in the county of Elizabeth City and State of Virginia.

SENATE.

MONDAY, July 19, 1897.

The Senate met at 12 o'clock m.

Prayer by Rev. J. FRED HEISSE, of the city of Washington.

The Journal of the proceedings of Saturday last was read and approved.

PETITIONS AND MEMORIALS.

Mr. CHANDLER. I present the petition of Hon. C. Greeley and 7 other citizens of Jacksonville, Fla., in favor of the passage of the tariff bill at the earliest possible moment. The petitioners state that "industry is paralyzed; thousands of workingmen are out of employment, and the success of the future is jeopardized by the importation of immense quantities of foreign goods." So they ask that each and every Senator and Representative will actively cooperate "in securing protective-tariff legislation at the earliest possible date," and they demand that it shall be the kind of legislation "which will adequately secure American industrial products against the competition of foreign labor." I move that the petition lie on the table.

The motion was agreed to.

Mr. COCKRELL. I present a memorial very numerously signed by residents of Warrensburg, Mo., in my native county, remonstrating against the imposition of a tax on bank checks. I ask that the memorial may be referred to the Republican members of the Committee on Finance for their prayerful consideration.

THE VICE-PRESIDENT. The memorial will be referred to the Committee on Finance.

Mr. CULLOM presented sundry memorials of publishers and business men, citizens of Lima, Ohio, remonstrating against the